

AMENDED IN ASSEMBLY JUNE 25, 2012

**SENATE BILL**

**No. 1006**

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**Introduced by Committee on Budget and Fiscal Review**

February 6, 2012

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*An act relating to the Budget Act of 2012. An act to amend Section 17206 of the Business and Professions Code, to amend Section 1936 of the Civil Code, to amend Sections 8879.58, 8879.59, 11270, 11546, 13071, 17581, 17617, 19849, 19851, and 76104.7 of, to amend and repeal Section 5924 of, to amend, repeal, and add Section 51298 of, to add Sections 8169.7, 12531, and 13300.5 to, to add and repeal Section 15849.65 of, to repeal Section 50087 of, and to repeal and amend Section 15849.6 of, the Government Code, to amend Section 11873 of the Insurance Code, to amend Section 62.9 of the Labor Code, to amend Section 972.1 of the Military and Veterans Code, to amend Section 6611 of the Public Contract Code, and to amend Sections 8352.3, 8352.4, 8352.5, 8352.6, and 19533 of, and to repeal Article 6 (commencing with Section 19290) of Chapter 5 of Part 10.2 of Division 2 of, the Revenue and Taxation Code, and to amend Item 7300-001-0001 of Section 2.00 of the Budget Act of 2012, relating to state government, and making an appropriation therefor, to take effect immediately, bill related to the budget.*

LEGISLATIVE COUNSEL'S DIGEST

SB 1006, as amended, Committee on Budget and Fiscal Review.  
~~Budget Act of 2012.~~ *State government.*

*(1) Existing law regulates consumer rental car agreements and authorizes rental car companies to collect a customer facility charge based on a fee required by an airport operated by specified entities. Existing law also directs those airports to complete independent audits*

*to substantiate the need for the fee prior to the collection of these fees from rental companies. Existing law requires the Controller to review these independent audits and report its conclusions to the Legislature, as specified. Existing law also requires the Controller to be reimbursed for these reviews by the airport being audited.*

*This bill would remove the provisions requiring the Controller to review, and report to the Legislature regarding, the independent audits described above.*

*(2) Existing law requires every city, county, or city and county that has at least 5,000 residents or in which 5% of the population is of Filipino ancestry or ethnic origin and that conducts a survey as to the ancestry or ethnic origin of its employees, or that maintains any statistical tabulation of minority group employees, to categorize employees whose ancestry or ethnic origin is Filipino as Filipinos in the survey or tabulation.*

*This bill would repeal that requirement.*

*(3) Existing law requires the Department of General Services to offer for sale land that is declared excess or is declared surplus by the Legislature, and that is not needed by any state agency, to local agencies and private entities and individuals, subject to specified conditions.*

*This bill would authorize the Department of General Services to sell all or a portion of specified parcels of property located in the City of Sacramento that are leased by the department to the Capitol Area Development Authority, subject to specified criteria. The bill would require the proceeds of that sale to be deposited into the General Fund or the Deficit Recovery Fund, as specified.*

*(4) Existing law requires a \$3 state-only penalty to be levied in each county for every \$10, or part of \$10, of a fine, penalty, or forfeiture imposed and collected by the courts for all criminal offenses, as specified.*

*This bill would increase the amount of the state-only penalty to \$4 for every \$10, or part of \$10, of those payments.*

*(5) Existing law, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, approved by the voters as Proposition 1B at the November 7, 2006, general election, authorizes the issuance of \$19.925 billion of general obligation bonds for specified purposes. Existing law specifies the responsibilities of the California Emergency Management Agency (Cal EMA) with respect to the allocation of bond funds appropriated from the Transit System Safety, Security, and Disaster Response Account.*

*This bill would require Cal EMA, in prioritizing the funding of projects, to additionally prioritize projects that demonstrate the ability and intent to expend a significant percentage of project funds within 6 months. During each fiscal year a transit agency or transit operator receives funds, the bill would authorize Cal EMA to monitor project expenditures.*

*(6) Existing law establishes the California Technology Agency within state government, and requires the office to carry out specified duties relating to creating and managing the technology policy of the state. Existing law requires the agency to be responsible for the approval and oversight of information technology projects.*

*This bill would require a state department to get written approval from the California Technology Agency to procure oversight services for information technology projects unless otherwise required by law.*

*(7) Existing law requires the Department of Finance to certify annually to the Controller the amount determined to be the fair share of administrative costs due and payable from each state agency and to certify to the Controller any amount redetermined to be the fair share of administrative costs due and payable from a state agency. Existing law requires the Controller to notify a state agency of that amount, and, unless the state agency requests that those payments be deferred, to transfer that amount from specified funds to the Central Service Cost Recovery Fund. Existing law defines “administrative costs” as the amounts expended by various specified state entities for supervision or administration of the state government or for services to the various state agencies.*

*This bill would modify the definition of administrative costs to include amounts expended by the Financial Information System for California.*

*(8) Existing law requires the Director of Finance, in coordinating the internal auditors of state agencies, to ensure that these auditors utilize the “Standards for the Professional Practices of Internal Auditing.”*

*This bill would also require the director to be responsible for coordinating state agency internal audits and identifying when agencies are required to comply with federally mandated audits.*

*(9) Existing law requires the Department of Finance, the Controller, the Treasurer, and the Department of General Services to collaboratively develop, implement, utilize, maintain, and operate the Financial Information System for California (FISCAL) as a single integrated financial management system, as specified. Existing law*

*requires the fiscal Project Office in the Department of Finance to implement these provisions until the Office of the Financial Information System is established.*

*This bill would require the FISCAL Project Office to report to the Legislature, by February 15 of each year, an update on the project, as specified. The provisions of the bill would remain in effect only until a postimplementation evaluation report has been approved by the California Technology Agency.*

*(10) Existing law sets forth the duties and powers of the Treasurer in the sale of state bonds. Moneys are continuously appropriated from the General Fund in an annual amount necessary to pay all obligations, including principal, interest, fees, costs, indemnities, and all other amounts incurred by the state pursuant to any credit enhancement or liquidity agreement entered into by the state, as specified, for bonds payable pursuant to an appropriation from the General Fund. Existing law, until June 30, 2013, prohibits the amount appropriated for these fees, costs, and other similar expenses from exceeding 3% of the original principal amount of the bonds.*

*This bill would repeal the inoperative date of those provisions, thereby extending the 3% interest rate indefinitely, thereby making an appropriation.*

*(11) Existing law, the State Building Construction Act of 1955, authorizes the State Public Works Board to acquire and construct public buildings for use by state agencies, when authorized by a separate act or appropriation enacted by the Legislature. Existing law authorizes the board to issue bonds, notes, or other obligations to finance the acquisition or construction of a public building, facility, or equipment as authorized by the Legislature, and any additional amount authorized by the board to pay the cost of financing.*

*This bill would revise and recast that provision to instead authorize the State Public Works Board to issue bonds, notes, or other obligations to finance the acquisition, design, or construction of a public building as authorized by the Legislature, and any additional amount authorized by the board to pay the cost of financing, including interest payable on any interim loan or interim financing for the public building.*

*(12) Existing law, until January 1, 2013, requires a mortgagee, trustee, beneficiary, or authorized agent to comply with certain procedures in dealing with a borrower who is in default prior to filing a notice of default and to explore options for the borrower to avoid foreclosure, as specified. Existing law provides that a violation of these*

*provisions would result in specified civil penalties, including penalties for unfair business practices. Existing law provides that civil penalties collected for unfair business practice violations brought by the Attorney General are deposited in the Unfair Competition Law Fund within the General Fund.*

*This bill would establish the National Mortgage Special Deposit Fund in the State Treasury as a continuously appropriated fund and would require certain direct payments made to the state under the National Mortgage Settlement to be deposited in the fund for allocation by the Director of Finance, as specified. This bill would further authorize the Director of Finance to allocate moneys from the fund to offset General Fund expenditures during the 2011–12, 2012–13, and 2013–14 fiscal years for purposes consistent with the National Mortgage Settlement. The bill would also require that civil penalties collected under the National Mortgage Settlement be deposited into the Unfair Competition Fund, and be continuously appropriated to the Department of Justice to offset the General Fund costs incurred by the department, thereby also making an appropriation.*

*(13) Existing law requires the Department of Veterans Affairs to disburse funds, appropriated to the department for the purpose of supporting county veterans service offices pursuant to the annual Budget Act, on a pro rata basis, to counties that comply with certain conditions. Existing law requires the Department of Veterans Affairs to determine annually the amount of new or increased monetary benefits paid to eligible veterans by the federal government attributable to the assistance of county veterans service offices and requires the department to prepare and transmit its determination for the preceding fiscal year to the Department of Finance and the Legislature, as specified.*

*This bill would require the Department of Veterans Affairs, by June 30, 2013, to develop a performance-based formula that will incentivize county veterans service offices to perform workload units, as defined, that help veterans access federal compensation and pension benefits and other benefits, in order to maximize the amount of federal money received by California veterans. This bill would require the department to conduct a review of the high-performing and low-performing county veterans service offices and based on this review, produce a best-practices manual for county veterans service offices by June 30, 2013.*

*(14) Existing law, known as the Capital Investment Incentive Program, authorizes, until January 1, 2017, a city, county, or city and*

county to pay capital investment incentive amounts to a requesting proponent of a “qualified manufacturing facility,” as defined. Existing law also requires the Business, Transportation and Housing Agency to certify qualified manufacturing facilities for purposes of these provisions and to carry out various oversight duties, including, but not limited to, reporting specified information to the Legislature.

This bill would, until June 30, 2013, expand these provisions to include a “qualified research and development facility,” modify and provide additional definitions, and transfer the duties of the Business, Transportation and Housing Agency to the Governor’s Office of Business and Economic Development. This bill would, on July 1, 2013, restore these provisions to existing law.

(15) Under the California Constitution, whenever the Legislature or a state agency mandates a new program or higher level of service on any local government, including school districts, the state is required to provide a subvention of funds to reimburse the local government, with specified exceptions.

Existing law provides that no local agency or school district shall be required to implement or give effect to any statute or executive order, or portion thereof that imposes a mandate during any fiscal year and for the period immediately following that fiscal year for which the Budget Act has not been enacted for the subsequent fiscal year if specified conditions are met, including that the statute or executive order, or portion thereof, has been specifically identified by the Legislature in the Budget Act for the fiscal year as being one for which reimbursement is not provided for that fiscal year.

This bill would provide that all state-mandated local programs suspended in the Budget Act for the 2012–13 fiscal year will also be suspended in the 2013–14 and 2014–15 fiscal years.

(16) Existing law also requires that the total amount due to each city, county, city and county, and special district, for which the state has determined that reimbursement is required under the California Constitution, be appropriated for payment to these entities over a period of not more than 15 years, commencing with the Budget Act for the 2006–07 fiscal year and concluding with the Budget Act for the 2020–21 fiscal year.

This bill would prohibit appropriations for payment of reimbursement claims pursuant to these provisions for the fiscal years 2012–13, 2013–14, and 2014–15.

(17) Existing law imposes an excise tax on motor vehicle fuel (gasoline). Existing law, as a result of the elimination of the sales tax on gasoline effective July 1, 2010, provides for a commensurate increase in the excise tax on gasoline. Article XIX of the California Constitution requires gasoline excise tax revenues from motor vehicles traveling upon public streets and highways to be deposited in the Highway Users Tax Account, for allocation to city, county, and state transportation purposes. Existing law generally provides for statutory allocation of gasoline excise tax revenues attributable to other modes of transportation, including aviation, boats, agricultural vehicles, and off-highway vehicles, to particular accounts and funds for expenditure on purposes associated with those other modes. Expenditure of the gasoline excise tax revenues attributable to those other modes is not restricted by Article XIX of the California Constitution.

This bill, with respect to the increase in gasoline excise taxes as a result of the elimination of the sales tax on gasoline, would instead transfer the revenues attributable to aviation, boats, agricultural vehicles, and off-highway vehicles to the General Fund, commencing July 1, 2012. The bill, with respect to these revenues already transferred to the particular nonhighway accounts and funds in the 2010–11 and 2011–12 fiscal years, would also transfer those revenues to the General Fund.

(18) Existing law states that it is the policy of the state that the workweek of the state employee shall be 40 hours, and the workday of state employees 8 hours, except that workweeks and workdays of a different number of hours may be established in order to meet the varying needs of the different state agencies.

This bill would require a state employee, except as specified, for the period from July 1, 2012, to June 30, 2013, inclusive, either as required by an applicable memorandum of understanding or by the direction of the Department of Human Resources for excluded employees, to participate in the Personal Leave Program 2012 (PLP 2012 Program), under which each employee would receive a reduction in pay not greater than 5% in exchange for 8 hours of PLP 2012 Program leave credits per month.

(19) Existing law requires the department to adopt rules governing hours of work and overtime compensation and the keeping of related records, except that conflicting provisions of a memorandum of understanding are controlling, as specified.

*This bill would require the department, notwithstanding any conflicting provisions of a memorandum of understanding, to adopt a plan for the period from July 1, 2012, to June 30, 2013, inclusive, by which all state employees, except as specified, who are not subject to the PLP 2012 Program, as described above, shall be furloughed for one workday per calendar month, and to adopt rules for the implementation, administration, and enforcement of this furlough plan.*

*(20) Existing law provides that the State Compensation Insurance Fund shall not be subject to the provisions of the Government Code made applicable to state agencies generally or collectively, unless the provision specifically names the fund as an agency to which it applies. Existing law also provides that employee positions funded by the State Compensation Insurance Fund are exempt from any hiring freezes and staff cutbacks otherwise required by law.*

*This bill would provide that employees of the fund shall, without limitation, be subject to any and all reductions in state employee compensation imposed by the Legislature on other state employees for the period from July 1, 2012, to June 30, 2013, inclusive, regardless of the means adopted to effect those reductions. With the exception of those reductions, the bill would further provide that if any of these provisions, or a practice or procedure adopted pursuant to these provisions, conflicts with a memorandum of understanding, the memorandum of understanding shall be controlling, as specified.*

*(21) Existing law authorizes the Department of General Services to, relative to contracts for goods, services, information technology, and telecommunications, use a negotiation process if the department finds that certain conditions exist, as specified.*

*This bill would authorize, until January 1, 2018, the California Technology Agency to utilize that negotiation process for the purpose of procuring information technology and telecommunications goods and services on behalf of state departments and information technology projects. The bill would require an annual report to the Legislature, as specified.*

*(22) Existing law establishes a workers' compensation system, administered by the Administrative Director of the Division of Workers' Compensation, to compensate an injured employee for injuries sustained in the course of his or her employment. Existing law requires that the Director of Industrial Relations levy and collect assessments from employers in an amount determined by the director to be sufficient to fund specified workers' compensation programs implemented in the*



*state. In that connection, existing law requires the director to include in the total assessment amount the Department of Industrial Relations' costs for administering the assessment, including the collections process and the cost of reimbursing the Franchise Tax Board or another agency or department for its cost of collection activities.*

*Existing law requires the Department of Industrial Relations to enter into an agreement with the Franchise Tax Board that transfers responsibility from the Department of Industrial Relations to the Franchise Tax Board for the collection of delinquent fees, wages, penalties, and costs, and any interest, including the assessments from employers in an amount determined by the Director of Industrial Relations to be sufficient to fund specified workers' compensation programs implemented in the state and any penalties.*

*Existing law also authorizes the Department of Industrial Relations to enter into an agreement with the Employment Development Department that provides for the transfer of all or part of the responsibility from the Department of Industrial Relations, or any office or division within that department, to the Employment Development Department for the collection of assessments, as specified, arising out of the enforcement of any law within the jurisdiction of the Department of Industrial Relations or any office or division within that department, as provided.*

*This bill would repeal the requirement that the Department of Industrial Relations enter into an agreement with the Franchise Tax Board to transfer responsibility from the Department of Industrial Relations to the Franchise Tax Board for the collection of delinquent fees, wages, penalties, and costs, and any interest, including the assessments from employers in an amount determined by the Director of Industrial Relations to be sufficient to fund specified workers' compensation programs implemented in the state and any penalties. This bill would require the Director of Industrial Relations to include in that total assessment amount the cost of reimbursing the Employment Development Department or another agency or department for its cost of collection activities, as provided. This bill would make other conforming changes.*

*(23) The Budget Bill, enacted as the Budget Act of 2012, would make appropriations for the support of state government for the 2012–13 fiscal year.*

*This bill would amend the Budget Act of 2012 by revising an item of appropriation in the Budget Act of 2012.*

(24) *This bill would appropriate \$1,000 from the General Fund to the Department of Finance to implement this bill.*

(25) *This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.*

~~This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2012.~~

Vote: majority. Appropriation: ~~no~~-yes. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 17206 of the Business and Professions  
2     Code is amended to read:

3     17206. Civil Penalty for Violation of Chapter

4     (a) Any person who engages, has engaged, or proposes to engage  
5     in unfair competition shall be liable for a civil penalty not to exceed  
6     two thousand five hundred dollars (\$2,500) for each violation,  
7     which shall be assessed and recovered in a civil action brought in  
8     the name of the people of the State of California by the Attorney  
9     General, by any district attorney, by any county counsel authorized  
10    by agreement with the district attorney in actions involving  
11    violation of a county ordinance, by any city attorney of a city  
12    having a population in excess of 750,000, by any city attorney of  
13    any city and county, or, with the consent of the district attorney,  
14    by a city prosecutor in any city having a full-time city prosecutor,  
15    in any court of competent jurisdiction.

16   (b) The court shall impose a civil penalty for each violation of  
17   this chapter. In assessing the amount of the civil penalty, the court  
18   shall consider any one or more of the relevant circumstances  
19   presented by any of the parties to the case, including, but not  
20   limited to, the following: the nature and seriousness of the  
21   misconduct, the number of violations, the persistence of the  
22   misconduct, the length of time over which the misconduct occurred,  
23   the willfulness of the defendant's misconduct, and the defendant's  
24   assets, liabilities, and net worth.

25   (c) If the action is brought by the Attorney General, one-half of  
26   the penalty collected shall be paid to the treasurer of the county in  
27   which the judgment was entered, and one-half to the General Fund.  
28   If the action is brought by a district attorney or county counsel,  
29   the penalty collected shall be paid to the treasurer of the county in

1 which the judgment was entered. Except as provided in subdivision  
2 (e), if the action is brought by a city attorney or city prosecutor,  
3 one-half of the penalty collected shall be paid to the treasurer of  
4 the city in which the judgment was entered, and one-half to the  
5 treasurer of the county in which the judgment was entered. The  
6 aforementioned funds shall be for the exclusive use by the Attorney  
7 General, the district attorney, the county counsel, and the city  
8 attorney for the enforcement of consumer protection laws.

9 (d) The Unfair Competition Law Fund is hereby created as a  
10 special account within the General Fund in the State Treasury. The  
11 portion of penalties that is payable to the General Fund or to the  
12 Treasurer recovered by the Attorney General from an action or  
13 settlement of a claim made by the Attorney General pursuant to  
14 this chapter or Chapter 1 (commencing with Section 17500) of  
15 Part 3 shall be deposited into this fund. Moneys in this fund, upon  
16 appropriation by the Legislature, shall be used by the Attorney  
17 General to support investigations and prosecutions of California's  
18 consumer protection laws, including implementation of judgments  
19 obtained from such prosecutions or investigations and other  
20 activities which are in furtherance of this chapter or Chapter 1  
21 (commencing with Section 17500) of Part 3. *Notwithstanding*  
22 *Section 13340 of the Government Code, any civil penalties*  
23 *deposited in the fund pursuant to the National Mortgage Settlement,*  
24 *as provided in Section 12531 of the Government Code, are*  
25 *continuously appropriated to the Department of Justice for the*  
26 *purpose of offsetting General Fund costs incurred by the*  
27 *Department of Justice.*

28 (e) If the action is brought at the request of a board within the  
29 Department of Consumer Affairs or a local consumer affairs  
30 agency, the court shall determine the reasonable expenses incurred  
31 by the board or local agency in the investigation and prosecution  
32 of the action.

33 Before any penalty collected is paid out pursuant to subdivision  
34 (c), the amount of any reasonable expenses incurred by the board  
35 shall be paid to the Treasurer for deposit in the special fund of the  
36 board described in Section 205. If the board has no such special  
37 fund, the moneys shall be paid to the Treasurer. The amount of  
38 any reasonable expenses incurred by a local consumer affairs  
39 agency shall be paid to the general fund of the municipality or  
40 county that funds the local agency.

(f) If the action is brought by a city attorney of a city and county, the entire amount of the penalty collected shall be paid to the treasurer of the city and county in which the judgment was entered for the exclusive use by the city attorney for the enforcement of consumer protection laws. However, if the action is brought by a city attorney of a city and county for the purposes of civil enforcement pursuant to Section 17980 of the Health and Safety Code or Article 3 (commencing with Section 11570) of Chapter 10 of Division 10 of the Health and Safety Code, either the penalty collected shall be paid entirely to the treasurer of the city and county in which the judgment was entered or, upon the request of the city attorney, the court may order that up to one-half of the penalty, under court supervision and approval, be paid for the purpose of restoring, maintaining, or enhancing the premises that were the subject of the action, and that the balance of the penalty be paid to the treasurer of the city and county.

*SEC. 2. Section 1936 of the Civil Code, as amended by Section 1 of Chapter 531 of the Statutes of 2011, is amended to read:*

1936. (a) For the purpose of this section, the following definitions shall apply:

(1) “Rental company” means a person or entity in the business of renting passenger vehicles to the public.

(2) “Renter” means any person in a manner obligated under a contract for the lease or hire of a passenger vehicle from a rental company for a period of less than 30 days.

(3) “Authorized driver” means (A) the renter, (B) the renter’s spouse if that person is a licensed driver and satisfies the rental company’s minimum age requirement, (C) the renter’s employer or coworker if he or she is engaged in business activity with the renter, is a licensed driver, and satisfies the rental company’s minimum age requirement, and (D) a person expressly listed by the rental company on the renter’s contract as an authorized driver.

(4) (A) “Customer facility charge” means any fee, including an alternative fee, required by an airport to be collected by a rental company from a renter for any of the following purposes:

(i) To finance, design, and construct consolidated airport car rental facilities.

(ii) To finance, design, construct, and operate common-use transportation systems that move passengers between airport

1 terminals and those consolidated car rental facilities, and acquire  
2 vehicles for use in that system.

3 (iii) To finance, design, and construct terminal modifications  
4 solely to accommodate and provide customer access to  
5 common-use transportation systems.

6 (B) The aggregate amount to be collected shall not exceed the  
7 reasonable costs, as determined by an independent audit paid for  
8 by the airport, to finance, design, and construct those facilities.  
9 Copies of the audit shall be provided to the Assembly and Senate  
10 Committees on Judiciary, the Assembly Committee on  
11 Transportation, and the Senate Committee on Transportation and  
12 Housing. In the case of a transportation system, the audit also shall  
13 consider the reasonable costs of providing the transit system or  
14 busing network. Notwithstanding clause (iii) of subparagraph (A),  
15 the fees designated as a customer facility charge shall not be used  
16 to pay for terminal expansion, gate expansion, runway expansion,  
17 changes in hours of operation, or changes in the number of flights  
18 arriving or departing from the airport.

19 (C) Except as provided in subparagraph (D), the authorization  
20 given pursuant to this section for an airport to impose a customer  
21 facility charge shall become inoperative when the bonds used for  
22 financing are paid.

23 (D) If a bond or other form of indebtedness is not used for  
24 financing, or the bond or other form of indebtedness used for  
25 financing has been paid, the Oakland International Airport may  
26 require the collection of a customer facility charge for a period of  
27 up to 10 years from the imposition of the charge for the purposes  
28 allowed by, and subject to the conditions imposed by, this section.

29 (5) “Damage waiver” means a rental company’s agreement not  
30 to hold a renter liable for all or any portion of any damage or loss  
31 related to the rented vehicle, any loss of use of the rented vehicle,  
32 or any storage, impound, towing, or administrative charges.

33 (6) “Electronic surveillance technology” means a technological  
34 method or system used to observe, monitor, or collect information,  
35 including telematics, Global Positioning System (GPS), wireless  
36 technology, or location-based technologies. “Electronic  
37 surveillance technology” does not include event data recorders  
38 (EDR), sensing and diagnostic modules (SDM), or other systems  
39 that are used either:

1 (A) For the purpose of identifying, diagnosing, or monitoring  
2 functions related to the potential need to repair, service, or perform  
3 maintenance on the rental vehicle.

4 (B) As part of the vehicle's airbag sensing and diagnostic system  
5 in order to capture safety systems-related data for retrieval after a  
6 crash has occurred or in the event that the collision sensors are  
7 activated to prepare the decisionmaking computer to make the  
8 determination to deploy or not to deploy the airbag.

9 (7) "Estimated time for replacement" means the number of hours  
10 of labor, or fraction thereof, needed to replace damaged vehicle  
11 parts as set forth in collision damage estimating guides generally  
12 used in the vehicle repair business and commonly known as "crash  
13 books."

14 (8) "Estimated time for repair" means a good faith estimate of  
15 the reasonable number of hours of labor, or fraction thereof, needed  
16 to repair damaged vehicle parts.

17 (9) "Membership program" means a service offered by a rental  
18 company that permits customers to bypass the rental counter and  
19 go directly to the car previously reserved. A membership program  
20 shall meet all of the following requirements:

21 (A) The renter initiates enrollment by completing an application  
22 on which the renter can specify a preference for type of vehicle  
23 and acceptance or declination of optional services.

24 (B) The rental company fully discloses, prior to the enrollee's  
25 first rental as a participant in the program, all terms and conditions  
26 of the rental agreement as well as all required disclosures.

27 (C) The renter may terminate enrollment at any time.

28 (D) The rental company fully explains to the renter that  
29 designated preferences, as well as acceptance or declination of  
30 optional services, may be changed by the renter at any time for  
31 the next and future rentals.

32 (E) An employee designated to receive the form specified in  
33 subparagraph (C) of paragraph (1) of subdivision (t) is present at  
34 the lot where the renter takes possession of the car, to receive any  
35 change in the rental agreement from the renter.

36 (10) "Passenger vehicle" means a passenger vehicle as defined  
37 in Section 465 of the Vehicle Code.

38 (b) Except as limited by subdivision (c), a rental company and  
39 a renter may agree that the renter will be responsible for no more  
40 than all of the following:

1 (1) Physical or mechanical damage to the rented vehicle up to  
2 its fair market value, as determined in the customary market for  
3 the sale of that vehicle, resulting from collision regardless of the  
4 cause of the damage.

5 (2) Loss due to theft of the rented vehicle up to its fair market  
6 value, as determined in the customary market for the sale of that  
7 vehicle, provided that the rental company establishes by clear and  
8 convincing evidence that the renter or the authorized driver failed  
9 to exercise ordinary care while in possession of the vehicle. In  
10 addition, the renter shall be presumed to have no liability for any  
11 loss due to theft if (A) an authorized driver has possession of the  
12 ignition key furnished by the rental company or an authorized  
13 driver establishes that the ignition key furnished by the rental  
14 company was not in the vehicle at the time of the theft, and (B) an  
15 authorized driver files an official report of the theft with the police  
16 or other law enforcement agency within 24 hours of learning of  
17 the theft and reasonably cooperates with the rental company and  
18 the police or other law enforcement agency in providing  
19 information concerning the theft. The presumption set forth in this  
20 paragraph is a presumption affecting the burden of proof which  
21 the rental company may rebut by establishing that an authorized  
22 driver committed, or aided and abetted the commission of, the  
23 theft.

24 (3) Physical damage to the rented vehicle up to its fair market  
25 value, as determined in the customary market for the sale of that  
26 vehicle, resulting from vandalism occurring after, or in connection  
27 with, the theft of the rented vehicle. However, the renter shall have  
28 no liability for any damage due to vandalism if the renter would  
29 have no liability for theft pursuant to paragraph (2).

30 (4) Physical damage to the rented vehicle up to a total of five  
31 hundred dollars (\$500) resulting from vandalism unrelated to the  
32 theft of the rented vehicle.

33 (5) Actual charges for towing, storage, and impound fees paid  
34 by the rental company if the renter is liable for damage or loss.

35 (6) An administrative charge, which shall include the cost of  
36 appraisal and all other costs and expenses incident to the damage,  
37 loss, repair, or replacement of the rented vehicle.

38 (c) The total amount of the renter's liability to the rental  
39 company resulting from damage to the rented vehicle shall not  
40 exceed the sum of the following:

1 (1) The estimated cost of parts which the rental company would  
2 have to pay to replace damaged vehicle parts. All discounts and  
3 price reductions or adjustments that are or will be received by the  
4 rental company shall be subtracted from the estimate to the extent  
5 not already incorporated in the estimate, or otherwise promptly  
6 credited or refunded to the renter.

7 (2) The estimated cost of labor to replace damaged vehicle parts,  
8 which shall not exceed the product of (A) the rate for labor usually  
9 paid by the rental company to replace vehicle parts of the type that  
10 were damaged and (B) the estimated time for replacement. All  
11 discounts and price reductions or adjustments that are or will be  
12 received by the rental company shall be subtracted from the  
13 estimate to the extent not already incorporated in the estimate, or  
14 otherwise promptly credited or refunded to the renter.

15 (3) (A) The estimated cost of labor to repair damaged vehicle  
16 parts, which shall not exceed the lesser of the following:

17 (i) The product of the rate for labor usually paid by the rental  
18 company to repair vehicle parts of the type that were damaged and  
19 the estimated time for repair.

20 (ii) The sum of the estimated labor and parts costs determined  
21 under paragraphs (1) and (2) to replace the same vehicle parts.

22 (B) All discounts and price reductions or adjustments that are  
23 or will be received by the rental company shall be subtracted from  
24 the estimate to the extent not already incorporated in the estimate,  
25 or otherwise promptly credited or refunded to the renter.

26 (4) For the purpose of converting the estimated time for repair  
27 into the same units of time in which the rental rate is expressed, a  
28 day shall be deemed to consist of eight hours.

29 (5) Actual charges for towing, storage, and impound fees paid  
30 by the rental company.

31 (6) The administrative charge described in paragraph (6) of  
32 subdivision (b) shall not exceed (A) fifty dollars (\$50) if the total  
33 estimated cost for parts and labor is more than one hundred dollars  
34 (\$100) up to and including five hundred dollars (\$500), (B) one  
35 hundred dollars (\$100) if the total estimated cost for parts and  
36 labor exceeds five hundred dollars (\$500) up to and including one  
37 thousand five hundred dollars (\$1,500), and (C) one hundred fifty  
38 dollars (\$150) if the total estimated cost for parts and labor exceeds  
39 one thousand five hundred dollars (\$1,500). An administrative



1 charge shall not be imposed if the total estimated cost of parts and  
2 labor is one hundred dollars (\$100) or less.

3 (d) (1) The total amount of an authorized driver's liability to  
4 the rental company, if any, for damage occurring during the  
5 authorized driver's operation of the rented vehicle shall not exceed  
6 the amount of the renter's liability under subdivision (c).

7 (2) A rental company shall not recover from the renter or other  
8 authorized driver an amount exceeding the renter's liability under  
9 subdivision (c).

10 (3) A claim against a renter resulting from damage or loss,  
11 excluding loss of use, to a rental vehicle shall be reasonably and  
12 rationally related to the actual loss incurred. A rental company  
13 shall mitigate damages where possible and shall not assert or collect  
14 a claim for physical damage which exceeds the actual costs of the  
15 repairs performed or the estimated cost of repairs, if the rental  
16 company chooses not to repair the vehicle, including all discounts  
17 and price reductions. However, if the vehicle is a total loss vehicle,  
18 the claim shall not exceed the total loss vehicle value established  
19 in accordance with procedures that are customarily used by  
20 insurance companies when paying claims on total loss vehicles,  
21 less the proceeds from salvaging the vehicle, if those proceeds are  
22 retained by the rental company.

23 (4) If insurance coverage exists under the renter's applicable  
24 personal or business insurance policy and the coverage is confirmed  
25 during regular business hours, the renter may require that the rental  
26 company submit any claims to the renter's applicable personal or  
27 business insurance carrier. The rental company shall not make any  
28 written or oral representations that it will not present claims or  
29 negotiate with the renter's insurance carrier. For purposes of this  
30 paragraph, confirmation of coverage includes telephone  
31 confirmation from insurance company representatives during  
32 regular business hours. Upon request of the renter and after  
33 confirmation of coverage, the amount of claim shall be resolved  
34 between the insurance carrier and the rental company. The renter  
35 shall remain responsible for payment to the rental car company  
36 for any loss sustained that the renter's applicable personal or  
37 business insurance policy does not cover.

38 (5) A rental company shall not recover from the renter or other  
39 authorized driver for an item described in subdivision (b) to the  
40 extent the rental company obtains recovery from another person.

(6) This section applies only to the maximum liability of a renter or other authorized driver to the rental company resulting from damage to the rented vehicle and not to the liability of another person.

(e) (1) Except as provided in subdivision (f), a damage waiver shall provide or, if not expressly stated in writing, shall be deemed to provide that the renter has no liability for a damage, loss, loss of use, or a cost or expense incident thereto.

(2) Except as provided in subdivision (f), every limitation, exception, or exclusion to a damage waiver is void and unenforceable.

(f) A rental company may provide in the rental contract that a damage waiver does not apply under any of the following circumstances:

(1) Damage or loss results from an authorized driver's (A) intentional, willful, wanton, or reckless conduct, (B) operation of the vehicle under the influence of drugs or alcohol in violation of Section 23152 of the Vehicle Code, (C) towing or pushing anything, or (D) operation of the vehicle on an unpaved road if the damage or loss is a direct result of the road or driving conditions.

(2) Damage or loss occurs while the vehicle is (A) used for commercial hire, (B) used in connection with conduct that could be properly charged as a felony, (C) involved in a speed test or contest or in driver training activity, (D) operated by a person other than an authorized driver, or (E) operated outside the United States.

(3) An authorized driver who has (A) provided fraudulent information to the rental company, or (B) provided false information and the rental company would not have rented the vehicle if it had instead received true information.

(g) (1) A rental company that offers or provides a damage waiver for any consideration in addition to the rental rate shall clearly and conspicuously disclose the following information in the rental contract or holder in which the contract is placed and, also, in signs posted at the place, such as the counter, where the renter signs the rental contract, and, for renters who are enrolled in the rental company's membership program, in a sign that shall be posted in a location clearly visible to those renters as they enter the location where their reserved rental cars are parked or near the exit of the bus or other conveyance that transports the enrollee to

1 a reserved car: (A) the nature of the renter's liability, such as  
2 liability for all collision damage regardless of cause, (B) the extent  
3 of the renter's liability, such as liability for damage or loss up to  
4 a specified amount, (C) the renter's personal insurance policy or  
5 the credit card used to pay for the car rental transaction may  
6 provide coverage for all or a portion of the renter's potential  
7 liability, (D) the renter should consult with his or her insurer to  
8 determine the scope of insurance coverage, including the amount  
9 of the deductible, if any, for which the renter is obligated, (E) the  
10 renter may purchase an optional damage waiver to cover all  
11 liability, subject to whatever exceptions the rental company  
12 expressly lists that are permitted under subdivision (f), and (F) the  
13 range of charges for the damage waiver.

14 (2) In addition to the requirements of paragraph (1), a rental  
15 company that offers or provides a damage waiver shall orally  
16 disclose to all renters, except those who are participants in the  
17 rental company's membership program, that the damage waiver  
18 may be duplicative of coverage that the customer maintains under  
19 his or her own policy of motor vehicle insurance. The renter's  
20 receipt of the oral disclosure shall be demonstrated through the  
21 renter's acknowledging receipt of the oral disclosure near that part  
22 of the contract where the renter indicates, by the renter's own  
23 initials, his or her acceptance or declination of the damage waiver.  
24 Adjacent to that same part, the contract also shall state that the  
25 damage waiver is optional. Further, the contract for these renters  
26 shall include a clear and conspicuous written disclosure that the  
27 damage waiver may be duplicative of coverage that the customer  
28 maintains under his or her own policy of motor vehicle insurance.

29 (3) The following is an example, for purposes of illustration  
30 and not limitation, of a notice fulfilling the requirements of  
31 paragraph (1) for a rental company that imposes liability on the  
32 renter for collision damage to the full value of the vehicle:

33  
34 "NOTICE ABOUT YOUR FINANCIAL RESPONSIBILITY  
35 AND OPTIONAL DAMAGE WAIVER  
36

37 You are responsible for all collision damage to the rented vehicle  
38 even if someone else caused it or the cause is unknown. You are  
39 responsible for the cost of repair up to the value of the vehicle,  
40 and towing, storage, and impound fees.

1 Your own insurance, or the issuer of the credit card you use to  
2 pay for the car rental transaction, may cover all or part of your  
3 financial responsibility for the rented vehicle. You should check  
4 with your insurance company, or credit card issuer, to find out  
5 about your coverage and the amount of the deductible, if any, for  
6 which you may be liable.

7 Further, if you use a credit card that provides coverage for your  
8 potential liability, you should check with the issuer to determine  
9 if you must first exhaust the coverage limits of your own insurance  
10 before the credit card coverage applies.

11 The rental company will not hold you responsible if you buy a  
12 damage waiver. But a damage waiver will not protect you if (list  
13 exceptions).”

14  
15 (A) When the above notice is printed in the rental contract or  
16 holder in which the contract is placed, the following shall be printed  
17 immediately following the notice:

18  
19 “The cost of an optional damage waiver is \$\_\_\_\_\_ for every (day  
20 or week).”

21  
22 (B) When the above notice appears on a sign, the following  
23 shall appear immediately adjacent to the notice:

24  
25 “The cost of an optional damage waiver is \$\_\_\_\_\_ to \$\_\_\_\_\_ for  
26 every (day or week), depending upon the vehicle rented.”

27  
28 (h) Notwithstanding any other provision of law, a rental  
29 company may sell a damage waiver subject to the following rate  
30 limitations for each full or partial 24-hour rental day for the damage  
31 waiver.

32 (1) For rental vehicles that the rental company designates as an  
33 “economy car,” “subcompact car,” “compact car,” or another term  
34 having similar meaning when offered for rental, or another vehicle  
35 having a manufacturer’s suggested retail price of nineteen thousand  
36 dollars (\$19,000) or less, the rate shall not exceed nine dollars  
37 (\$9).

38 (2) For rental vehicles that have a manufacturer’s suggested  
39 retail price from nineteen thousand one dollars (\$19,001) to  
40 thirty-four thousand nine hundred ninety-nine dollars (\$34,999),

1 inclusive, and that are also either vehicles of next year's model,  
2 or not older than the previous year's model, the rate shall not  
3 exceed fifteen dollars (\$15). For those rental vehicles older than  
4 the previous year's model-year, the rate shall not exceed nine  
5 dollars (\$9).

6 (i) The manufacturer's suggested retail prices described in  
7 subdivision (h) shall be adjusted annually to reflect changes from  
8 the previous year in the Consumer Price Index. For the purposes  
9 of this section, "Consumer Price Index" means the United States  
10 Consumer Price Index for All Urban Consumers, for all items.

11 (j) A rental company that disseminates in this state an  
12 advertisement containing a rental rate shall include in that  
13 advertisement a clearly readable statement of the charge for a  
14 damage waiver and a statement that a damage waiver is optional.

15 (k) (1) A rental company shall not require the purchase of a  
16 damage waiver, optional insurance, or another optional good or  
17 service.

18 (2) A rental company shall not engage in any unfair, deceptive,  
19 or coercive conduct to induce a renter to purchase the damage  
20 waiver, optional insurance, or another optional good or service,  
21 including conduct such as, but not limited to, refusing to honor  
22 the renter's reservation, limiting the availability of vehicles,  
23 requiring a deposit, or debiting or blocking the renter's credit card  
24 account for a sum equivalent to a deposit if the renter declines to  
25 purchase the damage waiver, optional insurance, or another  
26 optional good or service.

27 (l) (1) In the absence of express permission granted by the  
28 renter subsequent to damage to, or loss of, the vehicle, a rental  
29 company shall not seek to recover any portion of a claim arising  
30 out of damage to, or loss of, the rented vehicle by processing a  
31 credit card charge or causing a debit or block to be placed on the  
32 renter's credit card account.

33 (2) A rental company shall not engage in any unfair, deceptive,  
34 or coercive tactics in attempting to recover or in recovering on any  
35 claim arising out of damage to, or loss of, the rented vehicle.

36 (m) (1) A customer facility charge may be collected by a rental  
37 company under the following circumstances:

38 (A) Collection of the fee by the rental company is required by  
39 an airport operated by a city, a county, a city and county, a joint  
40 powers authority, a special district, or the San Diego County

1 Regional Airport Authority formed pursuant to Division 17  
2 (commencing with Section 170000) of the Public Utilities Code.

3 (B) The fee is calculated on a per contract basis or as provided  
4 in paragraph (2).

5 (C) The fee is a user fee, not a tax imposed upon real property  
6 or an incidence of property ownership under Article XIII D of the  
7 California Constitution.

8 (D) Except as otherwise provided in subparagraph (E), the fee  
9 shall be ten dollars (\$10) per contract or the amount provided in  
10 paragraph (2).

11 (E) The fee for a consolidated rental car facility shall be  
12 collected only from customers of on-airport rental car companies.  
13 If the fee imposed by the airport is for both a consolidated rental  
14 car facility and a common-use transportation system, the fee  
15 collected from customers of on-airport rental car companies shall  
16 be ten dollars (\$10) or the amount provided in paragraph (2), but  
17 the fee imposed on customers of off-airport rental car companies  
18 who are transported on the common-use transportation system is  
19 proportionate to the costs of the common-use transportation system  
20 only. The fee is uniformly applied to each class of on-airport or  
21 off-airport customers, provided that the airport requires off-airport  
22 customers to use the common-use transportation system. For  
23 purposes of this subparagraph, “on-airport rental car company”  
24 means a rental company operating under an airport property lease  
25 or an airport concession or license agreement whose customers  
26 use or will use the consolidated rental car facility and the collection  
27 of the fee as to those customers is consistent with subparagraph  
28 (C).

29 (F) Revenues collected from the fee do not exceed the reasonable  
30 costs of financing, designing, and constructing the facility and  
31 financing, designing, constructing, and operating any common-use  
32 transportation system, or acquiring vehicles for use in that system,  
33 and shall not be used for any other purpose.

34 (G) The fee is separately identified on the rental agreement.

35 (H) This paragraph does not apply to fees which are governed  
36 by Section 50474.1 of the Government Code or Section 57.5 of  
37 the San Diego Unified Port District Act.

38 (I) For any airport seeking to require rental car companies to  
39 collect an alternative customer facility charge pursuant to paragraph  
40 (2), the following provisions apply:

1 (i) Notwithstanding Section 10231.5 of the Government Code,  
2 the airport shall provide reports on an annual basis to the Senate  
3 and Assembly Committees on Judiciary detailing all of the  
4 following:

5 (I) The total amount of the customer facility charge collected.

6 (II) How the funds are being spent.

7 (III) The amount of and reason for any changes in the airport's  
8 budget or financial needs for the facility or common-use  
9 transportation system.

10 (IV) Whether airport concession fees authorized by Section  
11 1936.01 have increased since the prior report, if any.

12 (ii) The airport shall complete the independent audit required  
13 by subparagraph (B) of paragraph (4) of subdivision (a) prior to  
14 initial collection of the customer facility charge, prior to any  
15 increase pursuant to paragraph (2), and every three years after  
16 initial collection and any increase until such time as the fee  
17 authorization becomes inoperative pursuant to subparagraph (C)  
18 of paragraph (4) of subdivision (a). ~~The Controller shall review~~  
19 ~~those audits and independently examine and substantiate the~~  
20 ~~necessity for and the amount of the customer facility charge. The~~  
21 ~~Controller's costs shall be reimbursed by the individual airport~~  
22 ~~being audited. Notwithstanding Section 10231.5 of the Government~~  
23 ~~Code, the Controller shall report to the Legislature on its~~  
24 ~~conclusions, including whether the airport's actual or projected~~  
25 ~~costs are supported and justified, any steps the airport may take to~~  
26 ~~limit costs, potential alternatives for meeting the airport's revenue~~  
27 ~~needs other than the collection of the fee, and whether and to what~~  
28 ~~extent car rental companies or other businesses or individuals using~~  
29 ~~the facility or common-use transportation system may pay for the~~  
30 ~~costs associated with these facilities and systems other than the~~  
31 ~~fee from rental customers, or whether the airport did not comply~~  
32 ~~with any provision of this subparagraph.~~

33 (iii) Use of the bonds shall be limited to construction and design  
34 of the consolidated rental car facility, terminal modifications, and  
35 operating costs of the common-use transportation system, as  
36 specified in paragraph (4) of subdivision (a).

37 (2) Any airport may require rental car companies to collect an  
38 alternative customer facility charge under the following conditions:

39 (A) The airport first conducts a publicly noticed hearing pursuant  
40 to the Ralph M. Brown Act (Chapter 9 (commencing with Section

54950) of Part 1 of Division 2 of Title 5 of the Government Code) to review the costs of financing the design and construction of a consolidated rental car facility and the design, construction, and operation of any common-use transportation system in which all of the following occur:

(i) The airport establishes the amount of revenue necessary to finance the reasonable cost to design and construct a consolidated rental car facility and to design, construct, and operate any common-use transportation system, or acquire vehicles for use in that system, based on evidence presented during the hearing.

(ii) The airport finds, based on evidence presented during the hearing, that the fee authorized in paragraph (1) will not generate sufficient revenue to finance the reasonable costs to design and construct a consolidated rental car facility and to design, construct, and operate any common-use transportation system, or acquire vehicles for use in that system.

(iii) The airport finds that the reasonable cost of the project requires the additional amount of revenue that would be generated by the proposed daily rate, including any rate increase, authorized pursuant to this paragraph.

(iv) The airport outlines each of the following:

(I) Steps it has taken to limit costs.

(II) Other potential alternatives for meeting its revenue needs other than the collection of the fee.

(III) The extent to which rental car companies or other businesses or individuals using the facility or common-use transportation system will pay for the costs associated with these facilities and systems other than the fee from rental customers.

~~(v) The Controller reviews and substantiates the need for and amount of the fee pursuant to clause (ii) of subparagraph (I) of paragraph (1).~~

(B) The airport may not require the fee authorized in this paragraph to be collected at any time that the fee authorized in paragraph (1) of this subdivision is being collected.

(C) Pursuant to the procedure set forth in this subdivision, the fee may be collected at a rate charged on a per-day basis subject to the following conditions:

(i) Commencing January 1, 2011, the amount of the fee may not exceed six dollars (\$6) per day.



1 (ii) Commencing January 1, 2014, the amount of the fee may  
2 not exceed seven dollars and fifty cents (\$7.50) per day.

3 (iii) Commencing January 1, 2017, and thereafter, the amount  
4 of the fee may not exceed nine dollars (\$9) per day.

5 (iv) At no time shall the fee authorized in this paragraph be  
6 collected from any customer for more than five days for each  
7 individual rental car contract.

8 (v) An airport subject to this paragraph shall initiate the process  
9 for obtaining the authority to require or increase the alternative  
10 fee no later than January 1, 2018. Any airport that obtains the  
11 authority to require or increase an alternative fee shall be authorized  
12 to continue collecting that fee until the fee authorization becomes  
13 inoperative pursuant to subparagraph (C) of paragraph (4) of  
14 subdivision (a).

15 (3) Notwithstanding any other provision of law, including, but  
16 not limited to, Part 1 (commencing with Section 6001) to Part 1.7  
17 (commencing with Section 7280), inclusive, of Division 2 of the  
18 Revenue and Taxation Code, the fees collected pursuant to this  
19 section, or another law whereby a local agency operating an airport  
20 requires a rental car company to collect a facility financing fee  
21 from its customers, are not subject to sales, use, or transaction  
22 taxes.

23 (n) (1) A rental company shall only advertise, quote, and charge  
24 a rental rate that includes the entire amount except taxes, a  
25 customer facility charge, if any, and a mileage charge, if any, that  
26 a renter must pay to hire or lease the vehicle for the period of time  
27 to which the rental rate applies. A rental company shall not charge  
28 in addition to the rental rate, taxes, a customer facility charge, if  
29 any, and a mileage charge, if any, any fee that is required to be  
30 paid by the renter as a condition of hiring or leasing the vehicle,  
31 including, but not limited to, required fuel or airport surcharges  
32 other than customer facility charges, nor a fee for transporting the  
33 renter to the location where the rented vehicle will be delivered to  
34 the renter.

35 (2) In addition to the rental rate, taxes, customer facility charges,  
36 if any, and mileage charges, if any, a rental company may charge  
37 for an item or service provided in connection with a particular  
38 rental transaction if the renter could have avoided incurring the  
39 charge by choosing not to obtain or utilize the optional item or  
40 service. Items and services for which the rental company may

1 impose an additional charge include, but are not limited to, optional  
2 insurance and accessories requested by the renter, service charges  
3 incident to the renter's optional return of the vehicle to a location  
4 other than the location where the vehicle was hired or leased, and  
5 charges for refueling the vehicle at the conclusion of the rental  
6 transaction in the event the renter did not return the vehicle with  
7 as much fuel as was in the fuel tank at the beginning of the rental.  
8 A rental company also may impose an additional charge based on  
9 reasonable age criteria established by the rental company.

10 (3) A rental company shall not charge a fee for authorized  
11 drivers in addition to the rental charge for an individual renter.

12 (4) If a rental company states a rental rate in print advertisement  
13 or in a telephonic, in-person, or computer-transmitted quotation,  
14 the rental company shall disclose clearly in that advertisement or  
15 quotation the terms of mileage conditions relating to the advertised  
16 or quoted rental rate, including, but not limited to, to the extent  
17 applicable, the amount of mileage and gas charges, the number of  
18 miles for which no charges will be imposed, and a description of  
19 geographic driving limitations within the United States and Canada.

20 (5) (A) When a rental rate is stated in an advertisement,  
21 quotation, or reservation in connection with a car rental at an airport  
22 where a customer facility charge is imposed, the rental company  
23 shall disclose clearly the existence and amount of the customer  
24 facility charge. For purposes of this subparagraph, advertisements  
25 include radio, television, other electronic media, and print  
26 advertisements. For purposes of this subparagraph, quotations and  
27 reservations include those that are telephonic, in-person, and  
28 computer-transmitted. If the rate advertisement is intended to  
29 include transactions at more than one airport imposing a customer  
30 facility charge, a range of fees may be stated in the advertisement.  
31 However, all rate advertisements that include car rentals at airport  
32 destinations shall clearly and conspicuously include a toll-free  
33 telephone number whereby a customer can be told the specific  
34 amount of the customer facility charge to which the customer will  
35 be obligated.

36 (B) If a person or entity other than a rental car company,  
37 including a passenger carrier or a seller of travel services, advertises  
38 or quotes a rate for a car rental at an airport where a customer  
39 facility charge is imposed, that person or entity shall, provided  
40 that he, she, or it is provided with information about the existence

1 and amount of the fee, to the extent not specifically prohibited by  
2 federal law, clearly disclose the existence and amount of the fee  
3 in any telephonic, in-person, or computer-transmitted quotation at  
4 the time of making an initial quotation of a rental rate and at the  
5 time of making a reservation of a rental car. If a rental car company  
6 provides the person or entity with rate and customer facility charge  
7 information, the rental car company is not responsible for the  
8 failure of that person or entity to comply with this subparagraph  
9 when quoting or confirming a rate to a third person or entity.

10 (6) If a rental company delivers a vehicle to a renter at a location  
11 other than the location where the rental company normally carries  
12 on its business, the rental company shall not charge the renter an  
13 amount for the rental for the period before the delivery of the  
14 vehicle. If a rental company picks up a rented vehicle from a renter  
15 at a location other than the location where the rental company  
16 normally carries on its business, the rental company shall not  
17 charge the renter an amount for the rental for the period after the  
18 renter notifies the rental company to pick up the vehicle.

19 (o) A rental company shall not use, access, or obtain any  
20 information relating to the renter's use of the rental vehicle that  
21 was obtained using electronic surveillance technology, except in  
22 the following circumstances:

23 (1) (A) When the equipment is used by the rental company  
24 only for the purpose of locating a stolen, abandoned, or missing  
25 rental vehicle after one of the following:

26 (i) The renter or law enforcement has informed the rental  
27 company that the vehicle is missing or has been stolen or  
28 abandoned.

29 (ii) The rental vehicle has not been returned following one week  
30 after the contracted return date, or by one week following the end  
31 of an extension of that return date.

32 (iii) The rental company discovers the rental vehicle has been  
33 stolen or abandoned, and, if stolen, it shall report the vehicle stolen  
34 to law enforcement by filing a stolen vehicle report, unless law  
35 enforcement has already informed the rental company that the  
36 vehicle is missing or has been stolen or abandoned.

37 (B) If electronic surveillance technology is activated pursuant  
38 to subparagraph (A), a rental company shall maintain a record, in  
39 either electronic or written form, of information relevant to the  
40 activation of that technology. That information shall include the

1 rental agreement, including the return date, and the date and time  
2 the electronic surveillance technology was activated. The record  
3 shall also include, if relevant, a record of written or other  
4 communication with the renter, including communications  
5 regarding extensions of the rental, police reports, or other written  
6 communication with law enforcement officials. The record shall  
7 be maintained for a period of at least 12 months from the time the  
8 record is created and shall be made available upon the renter's  
9 request. The rental company shall maintain and furnish explanatory  
10 codes necessary to read the record. A rental company shall not be  
11 required to maintain a record if electronic surveillance technology  
12 is activated to recover a rental vehicle that is stolen or missing at  
13 a time other than during a rental period.

14 (2) In response to a specific request from law enforcement  
15 pursuant to a subpoena or search warrant.

16 (3) This subdivision does not prohibit a rental company from  
17 equipping rental vehicles with GPS-based technology that provides  
18 navigation assistance to the occupants of the rental vehicle, if the  
19 rental company does not use, access, or obtain information relating  
20 to the renter's use of the rental vehicle that was obtained using  
21 that technology, except for the purposes of discovering or repairing  
22 a defect in the technology and the information may then be used  
23 only for that purpose.

24 (4) This subdivision does not prohibit a rental company from  
25 equipping rental vehicles with electronic surveillance technology  
26 that allows for the remote locking or unlocking of the vehicle at  
27 the request of the renter, if the rental company does not use, access,  
28 or obtain information relating to the renter's use of the rental  
29 vehicle that was obtained using that technology, except as  
30 necessary to lock or unlock the vehicle.

31 (5) This subdivision does not prohibit a rental company from  
32 equipping rental vehicles with electronic surveillance technology  
33 that allows the company to provide roadside assistance, such as  
34 towing, flat tire, or fuel services, at the request of the renter, if the  
35 rental company does not use, access, or obtain information relating  
36 to the renter's use of the rental vehicle that was obtained using  
37 that technology except as necessary to provide the requested  
38 roadside assistance.

39 (6) This subdivision does not prohibit a rental company from  
40 obtaining, accessing, or using information from electronic

1 surveillance technology for the sole purpose of determining the  
2 date and time the vehicle is returned to the rental company, and  
3 the total mileage driven and the vehicle fuel level of the returned  
4 vehicle. This paragraph, however, shall apply only after the renter  
5 has returned the vehicle to the rental company, and the information  
6 shall only be used for the purpose described in this paragraph.

7 (p) A rental company shall not use electronic surveillance  
8 technology to track a renter in order to impose fines or surcharges  
9 relating to the renter's use of the rental vehicle.

10 (q) A renter may bring an action against a rental company for  
11 the recovery of damages and appropriate equitable relief for a  
12 violation of this section. The prevailing party shall be entitled to  
13 recover reasonable attorney's fees and costs.

14 (r) A rental company that brings an action against a renter for  
15 loss due to theft of the vehicle shall bring the action in the county  
16 in which the renter resides or, if the renter is not a resident of this  
17 state, in the jurisdiction in which the renter resides.

18 (s) A waiver of any of the provisions of this section shall be  
19 void and unenforceable as contrary to public policy.

20 (t) (1) A rental company's disclosure requirements shall be  
21 satisfied for renters who are enrolled in the rental company's  
22 membership program if all of the following conditions are met:

23 (A) Prior to the enrollee's first rental as a participant in the  
24 program, the renter receives, in writing, the following:

25 (i) All of the disclosures required by paragraph (1) of subdivision  
26 (g), including the terms and conditions of the rental agreement  
27 then in effect.

28 (ii) An Internet Web site address, as well as a contact number  
29 or address, where the enrollee can learn of changes to the rental  
30 agreement or to the laws of this state governing rental agreements  
31 since the effective date of the rental company's most recent  
32 restatement of the rental agreement and distribution of that  
33 restatement to its members.

34 (B) At the commencement of each rental period, the renter is  
35 provided, on the rental record or the folder in which it is inserted,  
36 with a printed notice stating that he or she had either previously  
37 selected or declined an optional damage waiver and that the renter  
38 has the right to change preferences.

39 (C) At the commencement of each rental period, the rental  
40 company provides, on the rearview mirror, a hanger on which a

1 statement is printed, in a box, in at least 12-point boldface type,  
2 notifying the renter that the collision damage waiver offered by  
3 the rental company may be duplicative of coverage that the  
4 customer maintains under his or her own policy of motor vehicle  
5 insurance. If it is not feasible to hang the statement from the  
6 rearview mirror, it shall be hung from the steering wheel.

7 The hanger shall provide the renter a box to initial if he or she  
8 (not his or her employer) has previously accepted or declined the  
9 collision damage waiver and that he or she now wishes to change  
10 his or her decision to accept or decline the collision damage waiver,  
11 as follows:

12  
13 “☐ If I previously accepted the collision damage waiver, I  
14 now decline it.

15  
16 ☐ If I previously declined the collision damage waiver, I now  
17 accept it.”

18  
19 The hanger shall also provide a box for the enrollee to indicate  
20 whether this change applies to this rental transaction only or to all  
21 future rental transactions. The hanger shall also notify the renter  
22 that he or she may make that change, prior to leaving the lot, by  
23 returning the form to an employee designated to receive the form  
24 who is present at the lot where the renter takes possession of the  
25 car, to receive any change in the rental agreement from the renter.

26 (2) (A) This subdivision is not effective unless the employee  
27 designated pursuant to subparagraph (E) of paragraph (8) of  
28 subdivision (a) is actually present at the required location.

29 (B) This subdivision does not relieve the rental company from  
30 the disclosures required to be made within the text of a contract  
31 or holder in which the contract is placed; in or on an advertisement  
32 containing a rental rate; or in a telephonic, in-person, or  
33 computer-transmitted quotation or reservation.

34 (u) The amendments made to this section during the 2001–02  
35 Regular Session of the Legislature do not affect litigation pending  
36 on or before January 1, 2003, alleging a violation of Section 22325  
37 of the Business and Professions Code as it read at the time the  
38 action was commenced.

39 (v) (1) When a rental company enters into a rental agreement  
40 in the state for the rental of a vehicle to any renter who is not a

1 resident of this country and, as part of, or associated with, the rental  
2 agreement, the renter purchases liability insurance, as defined in  
3 subdivision (b) of Section 1758.85 of the Insurance Code, from  
4 the rental company in its capacity as a rental car agent for an  
5 authorized insurer, the rental company shall be authorized to accept,  
6 and, if served as set forth in this subdivision, shall accept, service  
7 of a summons and complaint and any other required documents  
8 against the foreign renter for any accident or collision resulting  
9 from the operation of the rental vehicle within the state during the  
10 rental period. If the rental company has a registered agent for  
11 service of process on file with the Secretary of State, process shall  
12 be served on the rental company's registered agent, either by  
13 first-class mail, return receipt requested, or by personal service.

14 (2) Within 30 days of acceptance of service of process, the rental  
15 company shall, provide a copy of the summons and complaint and  
16 any other required documents served in accordance with this  
17 subdivision to the foreign renter by first-class mail, return receipt  
18 requested.

19 (3) Any plaintiff, or his or her representative, who elects to serve  
20 the foreign renter by delivering a copy of the summons and  
21 complaint and any other required documents to the rental company  
22 pursuant to paragraph (1) shall agree to limit his or her recovery  
23 against the foreign renter and the rental company to the limits of  
24 the protection extended by the liability insurance.

25 (4) Notwithstanding the requirements of Sections 17450 to  
26 17456, inclusive, of the Vehicle Code, service of process in  
27 compliance with paragraph (1) shall be deemed valid and effective  
28 service.

29 (5) Notwithstanding any other provision of law, the requirement  
30 that the rental company accept service of process pursuant to  
31 paragraph (1) shall not create any duty, obligation, or agency  
32 relationship other than that provided in paragraph (1).

33 (w) This section shall remain in effect only until January 1,  
34 2015, and as of that date is repealed, unless a later enacted statute,  
35 that is enacted before January 1, 2015, deletes or extends that date.

36 *SEC. 3. Section 1936 of the Civil Code, as added by Section 2*  
37 *of Chapter 531 of the Statutes of 2011, is amended to read:*

38 1936. (a) For the purpose of this section, the following  
39 definitions shall apply:

1 (1) “Rental company” means a person or entity in the business  
2 of renting passenger vehicles to the public.

3 (2) “Renter” means any person in a manner obligated under a  
4 contract for the lease or hire of a passenger vehicle from a rental  
5 company for a period of less than 30 days.

6 (3) “Authorized driver” means (A) the renter, (B) the renter’s  
7 spouse if that person is a licensed driver and satisfies the rental  
8 company’s minimum age requirement, (C) the renter’s employer  
9 or coworker if he or she is engaged in business activity with the  
10 renter, is a licensed driver, and satisfies the rental company’s  
11 minimum age requirement, and (D) a person expressly listed by  
12 the rental company on the renter’s contract as an authorized driver.

13 (4) (A) “Customer facility charge” means any fee, including  
14 an alternative fee, required by an airport to be collected by a rental  
15 company from a renter for any of the following purposes:

16 (i) To finance, design, and construct consolidated airport car  
17 rental facilities.

18 (ii) To finance, design, construct, and operate common-use  
19 transportation systems that move passengers between airport  
20 terminals and those consolidated car rental facilities, and acquire  
21 vehicles for use in that system.

22 (iii) To finance, design, and construct terminal modifications  
23 solely to accommodate and provide customer access to  
24 common-use transportation systems.

25 (B) The aggregate amount to be collected shall not exceed the  
26 reasonable costs, as determined by an independent audit paid for  
27 by the airport, to finance, design, and construct those facilities.  
28 Copies of the audit shall be provided to the Assembly and Senate  
29 Committees on Judiciary, the Assembly Committee on  
30 Transportation, and the Senate Committee on Transportation and  
31 Housing. In the case of a transportation system, the audit also shall  
32 consider the reasonable costs of providing the transit system or  
33 busing network. Notwithstanding clause (iii) of subparagraph (A),  
34 the fees designated as a customer facility charge shall not be used  
35 to pay for terminal expansion, gate expansion, runway expansion,  
36 changes in hours of operation, or changes in the number of flights  
37 arriving or departing from the airport.

38 (C) Except as provided in subparagraph (D), the authorization  
39 given pursuant to this section for an airport to impose a customer



1 facility charge shall become inoperative when the bonds used for  
2 financing are paid.

3 (D) If a bond or other form of indebtedness is not used for  
4 financing, or the bond or other form of indebtedness used for  
5 financing has been paid, the Oakland International Airport may  
6 require the collection of a customer facility charge for a period of  
7 up to 10 years from the imposition of the charge for the purposes  
8 allowed by, and subject to the conditions imposed by, this section.

9 (5) “Damage waiver” means a rental company’s agreement not  
10 to hold a renter liable for all or any portion of any damage or loss  
11 related to the rented vehicle, any loss of use of the rented vehicle,  
12 or any storage, impound, towing, or administrative charges.

13 (6) “Electronic surveillance technology” means a technological  
14 method or system used to observe, monitor, or collect information,  
15 including telematics, Global Positioning System (GPS), wireless  
16 technology, or location-based technologies. “Electronic  
17 surveillance technology” does not include event data recorders  
18 (EDR), sensing and diagnostic modules (SDM), or other systems  
19 that are used either:

20 (A) For the purpose of identifying, diagnosing, or monitoring  
21 functions related to the potential need to repair, service, or perform  
22 maintenance on the rental vehicle.

23 (B) As part of the vehicle’s airbag sensing and diagnostic system  
24 in order to capture safety systems-related data for retrieval after a  
25 crash has occurred or in the event that the collision sensors are  
26 activated to prepare the decisionmaking computer to make the  
27 determination to deploy or not to deploy the airbag.

28 (7) “Estimated time for replacement” means the number of hours  
29 of labor, or fraction thereof, needed to replace damaged vehicle  
30 parts as set forth in collision damage estimating guides generally  
31 used in the vehicle repair business and commonly known as “crash  
32 books.”

33 (8) “Estimated time for repair” means a good faith estimate of  
34 the reasonable number of hours of labor, or fraction thereof, needed  
35 to repair damaged vehicle parts.

36 (9) “Membership program” means a service offered by a rental  
37 company that permits customers to bypass the rental counter and  
38 go directly to the car previously reserved. A membership program  
39 shall meet all of the following requirements:

1 (A) The renter initiates enrollment by completing an application  
2 on which the renter can specify a preference for type of vehicle  
3 and acceptance or declination of optional services.

4 (B) The rental company fully discloses, prior to the enrollee's  
5 first rental as a participant in the program, all terms and conditions  
6 of the rental agreement as well as all required disclosures.

7 (C) The renter may terminate enrollment at any time.

8 (D) The rental company fully explains to the renter that  
9 designated preferences, as well as acceptance or declination of  
10 optional services, may be changed by the renter at any time for  
11 the next and future rentals.

12 (E) An employee designated to receive the form specified in  
13 subparagraph (C) of paragraph (1) of subdivision (t) is present at  
14 the lot where the renter takes possession of the car, to receive any  
15 change in the rental agreement from the renter.

16 (10) "Passenger vehicle" means a passenger vehicle as defined  
17 in Section 465 of the Vehicle Code.

18 (b) Except as limited by subdivision (c), a rental company and  
19 a renter may agree that the renter will be responsible for no more  
20 than all of the following:

21 (1) Physical or mechanical damage to the rented vehicle up to  
22 its fair market value, as determined in the customary market for  
23 the sale of that vehicle, resulting from collision regardless of the  
24 cause of the damage.

25 (2) Loss due to theft of the rented vehicle up to its fair market  
26 value, as determined in the customary market for the sale of that  
27 vehicle, provided that the rental company establishes by clear and  
28 convincing evidence that the renter or the authorized driver failed  
29 to exercise ordinary care while in possession of the vehicle. In  
30 addition, the renter shall be presumed to have no liability for any  
31 loss due to theft if (A) an authorized driver has possession of the  
32 ignition key furnished by the rental company or an authorized  
33 driver establishes that the ignition key furnished by the rental  
34 company was not in the vehicle at the time of the theft, and (B) an  
35 authorized driver files an official report of the theft with the police  
36 or other law enforcement agency within 24 hours of learning of  
37 the theft and reasonably cooperates with the rental company and  
38 the police or other law enforcement agency in providing  
39 information concerning the theft. The presumption set forth in this  
40 paragraph is a presumption affecting the burden of proof which

1 the rental company may rebut by establishing that an authorized  
2 driver committed, or aided and abetted the commission of, the  
3 theft.

4 (3) Physical damage to the rented vehicle up to its fair market  
5 value, as determined in the customary market for the sale of that  
6 vehicle, resulting from vandalism occurring after, or in connection  
7 with, the theft of the rented vehicle. However, the renter shall have  
8 no liability for any damage due to vandalism if the renter would  
9 have no liability for theft pursuant to paragraph (2).

10 (4) Physical damage to the rented vehicle up to a total of five  
11 hundred dollars (\$500) resulting from vandalism unrelated to the  
12 theft of the rented vehicle.

13 (5) Actual charges for towing, storage, and impound fees paid  
14 by the rental company if the renter is liable for damage or loss.

15 (6) An administrative charge, which shall include the cost of  
16 appraisal and all other costs and expenses incident to the damage,  
17 loss, repair, or replacement of the rented vehicle.

18 (c) The total amount of the renter's liability to the rental  
19 company resulting from damage to the rented vehicle shall not  
20 exceed the sum of the following:

21 (1) The estimated cost of parts which the rental company would  
22 have to pay to replace damaged vehicle parts. All discounts and  
23 price reductions or adjustments that are or will be received by the  
24 rental company shall be subtracted from the estimate to the extent  
25 not already incorporated in the estimate, or otherwise promptly  
26 credited or refunded to the renter.

27 (2) The estimated cost of labor to replace damaged vehicle parts,  
28 which shall not exceed the product of (A) the rate for labor usually  
29 paid by the rental company to replace vehicle parts of the type that  
30 were damaged and (B) the estimated time for replacement. All  
31 discounts and price reductions or adjustments that are or will be  
32 received by the rental company shall be subtracted from the  
33 estimate to the extent not already incorporated in the estimate, or  
34 otherwise promptly credited or refunded to the renter.

35 (3) (A) The estimated cost of labor to repair damaged vehicle  
36 parts, which shall not exceed the lesser of the following:

37 (i) The product of the rate for labor usually paid by the rental  
38 company to repair vehicle parts of the type that were damaged and  
39 the estimated time for repair.

1 (ii) The sum of the estimated labor and parts costs determined  
2 under paragraphs (1) and (2) to replace the same vehicle parts.

3 (B) All discounts and price reductions or adjustments that are  
4 or will be received by the rental company shall be subtracted from  
5 the estimate to the extent not already incorporated in the estimate,  
6 or otherwise promptly credited or refunded to the renter.

7 (4) For the purpose of converting the estimated time for repair  
8 into the same units of time in which the rental rate is expressed, a  
9 day shall be deemed to consist of eight hours.

10 (5) Actual charges for towing, storage, and impound fees paid  
11 by the rental company.

12 (6) The administrative charge described in paragraph (6) of  
13 subdivision (b) shall not exceed (A) fifty dollars (\$50) if the total  
14 estimated cost for parts and labor is more than one hundred dollars  
15 (\$100) up to and including five hundred dollars (\$500), (B) one  
16 hundred dollars (\$100) if the total estimated cost for parts and  
17 labor exceeds five hundred dollars (\$500) up to and including one  
18 thousand five hundred dollars (\$1,500), and (C) one hundred fifty  
19 dollars (\$150) if the total estimated cost for parts and labor exceeds  
20 one thousand five hundred dollars (\$1,500). An administrative  
21 charge shall not be imposed if the total estimated cost of parts and  
22 labor is one hundred dollars (\$100) or less.

23 (d) (1) The total amount of an authorized driver's liability to  
24 the rental company, if any, for damage occurring during the  
25 authorized driver's operation of the rented vehicle shall not exceed  
26 the amount of the renter's liability under subdivision (c).

27 (2) A rental company shall not recover from the renter or other  
28 authorized driver an amount exceeding the renter's liability under  
29 subdivision (c).

30 (3) A claim against a renter resulting from damage or loss,  
31 excluding loss of use, to a rental vehicle shall be reasonably and  
32 rationally related to the actual loss incurred. A rental company  
33 shall mitigate damages where possible and shall not assert or collect  
34 a claim for physical damage which exceeds the actual costs of the  
35 repairs performed or the estimated cost of repairs, if the rental  
36 company chooses not to repair the vehicle, including all discounts  
37 and price reductions. However, if the vehicle is a total loss vehicle,  
38 the claim shall not exceed the total loss vehicle value established  
39 in accordance with procedures that are customarily used by  
40 insurance companies when paying claims on total loss vehicles,

1 less the proceeds from salvaging the vehicle, if those proceeds are  
2 retained by the rental company.

3 (4) If insurance coverage exists under the renter's applicable  
4 personal or business insurance policy and the coverage is confirmed  
5 during regular business hours, the renter may require that the rental  
6 company submit any claims to the renter's applicable personal or  
7 business insurance carrier. The rental company shall not make any  
8 written or oral representations that it will not present claims or  
9 negotiate with the renter's insurance carrier. For purposes of this  
10 paragraph, confirmation of coverage includes telephone  
11 confirmation from insurance company representatives during  
12 regular business hours. Upon request of the renter and after  
13 confirmation of coverage, the amount of claim shall be resolved  
14 between the insurance carrier and the rental company. The renter  
15 shall remain responsible for payment to the rental car company  
16 for any loss sustained that the renter's applicable personal or  
17 business insurance policy does not cover.

18 (5) A rental company shall not recover from the renter or other  
19 authorized driver for an item described in subdivision (b) to the  
20 extent the rental company obtains recovery from another person.

21 (6) This section applies only to the maximum liability of a renter  
22 or other authorized driver to the rental company resulting from  
23 damage to the rented vehicle and not to the liability of another  
24 person.

25 (e) (1) Except as provided in subdivision (f), a damage waiver  
26 shall provide or, if not expressly stated in writing, shall be deemed  
27 to provide that the renter has no liability for a damage, loss, loss  
28 of use, or a cost or expense incident thereto.

29 (2) Except as provided in subdivision (f), every limitation,  
30 exception, or exclusion to a damage waiver is void and  
31 unenforceable.

32 (f) A rental company may provide in the rental contract that a  
33 damage waiver does not apply under any of the following  
34 circumstances:

35 (1) Damage or loss results from an authorized driver's (A)  
36 intentional, willful, wanton, or reckless conduct, (B) operation of  
37 the vehicle under the influence of drugs or alcohol in violation of  
38 Section 23152 of the Vehicle Code, (C) towing or pushing  
39 anything, or (D) operation of the vehicle on an unpaved road if

1 the damage or loss is a direct result of the road or driving  
2 conditions.

3 (2) Damage or loss occurs while the vehicle is (A) used for  
4 commercial hire, (B) used in connection with conduct that could  
5 be properly charged as a felony, (C) involved in a speed test or  
6 contest or in driver training activity, (D) operated by a person other  
7 than an authorized driver, or (E) operated outside the United States.

8 (3) An authorized driver who has (A) provided fraudulent  
9 information to the rental company, or (B) provided false  
10 information and the rental company would not have rented the  
11 vehicle if it had instead received true information.

12 (g) (1) A rental company that offers or provides a damage  
13 waiver for any consideration in addition to the rental rate shall  
14 clearly and conspicuously disclose the following information in  
15 the rental contract or holder in which the contract is placed and,  
16 also, in signs posted at the place, such as the counter, where the  
17 renter signs the rental contract, and, for renters who are enrolled  
18 in the rental company's membership program, in a sign that shall  
19 be posted in a location clearly visible to those renters as they enter  
20 the location where their reserved rental cars are parked or near the  
21 exit of the bus or other conveyance that transports the enrollee to  
22 a reserved car: (A) the nature of the renter's liability, such as  
23 liability for all collision damage regardless of cause, (B) the extent  
24 of the renter's liability, such as liability for damage or loss up to  
25 a specified amount, (C) the renter's personal insurance policy or  
26 the credit card used to pay for the car rental transaction may  
27 provide coverage for all or a portion of the renter's potential  
28 liability, (D) the renter should consult with his or her insurer to  
29 determine the scope of insurance coverage, including the amount  
30 of the deductible, if any, for which the renter is obligated, (E) the  
31 renter may purchase an optional damage waiver to cover all  
32 liability, subject to whatever exceptions the rental company  
33 expressly lists that are permitted under subdivision (f), and (F) the  
34 range of charges for the damage waiver.

35 (2) In addition to the requirements of paragraph (1), a rental  
36 company that offers or provides a damage waiver shall orally  
37 disclose to all renters, except those who are participants in the  
38 rental company's membership program, that the damage waiver  
39 may be duplicative of coverage that the customer maintains under  
40 his or her own policy of motor vehicle insurance. The renter's

1 receipt of the oral disclosure shall be demonstrated through the  
2 renter's acknowledging receipt of the oral disclosure near that part  
3 of the contract where the renter indicates, by the renter's own  
4 initials, his or her acceptance or declination of the damage waiver.  
5 Adjacent to that same part, the contract also shall state that the  
6 damage waiver is optional. Further, the contract for these renters  
7 shall include a clear and conspicuous written disclosure that the  
8 damage waiver may be duplicative of coverage that the customer  
9 maintains under his or her own policy of motor vehicle insurance.

10 (3) The following is an example, for purposes of illustration  
11 and not limitation, of a notice fulfilling the requirements of  
12 paragraph (1) for a rental company that imposes liability on the  
13 renter for collision damage to the full value of the vehicle:

14  
15 "NOTICE ABOUT YOUR FINANCIAL RESPONSIBILITY  
16 AND OPTIONAL DAMAGE WAIVER  
17

18 You are responsible for all collision damage to the rented vehicle  
19 even if someone else caused it or the cause is unknown. You are  
20 responsible for the cost of repair up to the value of the vehicle,  
21 and towing, storage, and impound fees.

22 Your own insurance, or the issuer of the credit card you use to  
23 pay for the car rental transaction, may cover all or part of your  
24 financial responsibility for the rented vehicle. You should check  
25 with your insurance company, or credit card issuer, to find out  
26 about your coverage and the amount of the deductible, if any, for  
27 which you may be liable.

28 Further, if you use a credit card that provides coverage for your  
29 potential liability, you should check with the issuer to determine  
30 if you must first exhaust the coverage limits of your own insurance  
31 before the credit card coverage applies.

32 The rental company will not hold you responsible if you buy a  
33 damage waiver. But a damage waiver will not protect you if (list  
34 exceptions)."

35 (A) When the above notice is printed in the rental contract or  
36 holder in which the contract is placed, the following shall be printed  
37 immediately following the notice:

38 "The cost of an optional damage waiver is \$\_\_\_\_ for every (day  
39 or week)."

1 (B) When the above notice appears on a sign, the following  
2 shall appear immediately adjacent to the notice:

3 “The cost of an optional damage waiver is \$\_\_\_\_ to \$\_\_\_\_ for  
4 every (day or week), depending upon the vehicle rented.”

5 (h) Notwithstanding any other provision of law, a rental  
6 company may sell a damage waiver subject to the following rate  
7 limitations for each full or partial 24-hour rental day for the damage  
8 waiver.

9 (1) For rental vehicles that the rental company designates as an  
10 “economy car,” “subcompact car,” “compact car,” or another term  
11 having similar meaning when offered for rental, or another vehicle  
12 having a manufacturer’s suggested retail price of nineteen thousand  
13 dollars (\$19,000) or less, the rate shall not exceed nine dollars  
14 (\$9).

15 (2) For rental vehicles that have a manufacturer’s suggested  
16 retail price from nineteen thousand one dollars (\$19,001) to  
17 thirty-four thousand nine hundred ninety-nine dollars (\$34,999),  
18 inclusive, and that are also either vehicles of next year’s model,  
19 or not older than the previous year’s model, the rate shall not  
20 exceed fifteen dollars (\$15). For those rental vehicles older than  
21 the previous year’s model-year, the rate shall not exceed nine  
22 dollars (\$9).

23 (i) The manufacturer’s suggested retail prices described in  
24 subdivision (h) shall be adjusted annually to reflect changes from  
25 the previous year in the Consumer Price Index. For the purposes  
26 of this section, “Consumer Price Index” means the United States  
27 Consumer Price Index for All Urban Consumers, for all items.

28 (j) A rental company that disseminates in this state an  
29 advertisement containing a rental rate shall include in that  
30 advertisement a clearly readable statement of the charge for a  
31 damage waiver and a statement that a damage waiver is optional.

32 (k) (1) A rental company shall not require the purchase of a  
33 damage waiver, optional insurance, or another optional good or  
34 service.

35 (2) A rental company shall not engage in any unfair, deceptive,  
36 or coercive conduct to induce a renter to purchase the damage  
37 waiver, optional insurance, or another optional good or service,  
38 including conduct such as, but not limited to, refusing to honor  
39 the renter’s reservation, limiting the availability of vehicles,  
40 requiring a deposit, or debiting or blocking the renter’s credit card



1 account for a sum equivalent to a deposit if the renter declines to  
2 purchase the damage waiver, optional insurance, or another  
3 optional good or service.

4 (l) (1) In the absence of express permission granted by the  
5 renter subsequent to damage to, or loss of, the vehicle, a rental  
6 company shall not seek to recover any portion of a claim arising  
7 out of damage to, or loss of, the rented vehicle by processing a  
8 credit card charge or causing a debit or block to be placed on the  
9 renter's credit card account.

10 (2) A rental company shall not engage in any unfair, deceptive,  
11 or coercive tactics in attempting to recover or in recovering on any  
12 claim arising out of damage to, or loss of, the rented vehicle.

13 (m) (1) A customer facility charge may be collected by a rental  
14 company under the following circumstances:

15 (A) Collection of the fee by the rental company is required by  
16 an airport operated by a city, a county, a city and county, a joint  
17 powers authority, a special district, or the San Diego County  
18 Regional Airport Authority formed pursuant to Division 17  
19 (commencing with Section 170000) of the Public Utilities Code.

20 (B) The fee is calculated on a per contract basis or as provided  
21 in paragraph (2).

22 (C) The fee is a user fee, not a tax imposed upon real property  
23 or an incidence of property ownership under Article XIII D of the  
24 California Constitution.

25 (D) Except as otherwise provided in subparagraph (E), the fee  
26 shall be ten dollars (\$10) per contract or the amount provided in  
27 paragraph (2).

28 (E) The fee for a consolidated rental car facility shall be  
29 collected only from customers of on-airport rental car companies.  
30 If the fee imposed by the airport is for both a consolidated rental  
31 car facility and a common-use transportation system, the fee  
32 collected from customers of on-airport rental car companies shall  
33 be ten dollars (\$10) or the amount provided in paragraph (2), but  
34 the fee imposed on customers of off-airport rental car companies  
35 who are transported on the common-use transportation system is  
36 proportionate to the costs of the common-use transportation system  
37 only. The fee is uniformly applied to each class of on-airport or  
38 off-airport customers, provided that the airport requires off-airport  
39 customers to use the common-use transportation system. For  
40 purposes of this subparagraph, "on-airport rental car company"

1 means a rental company operating under an airport property lease  
2 or an airport concession or license agreement whose customers  
3 use or will use the consolidated rental car facility and the collection  
4 of the fee as to those customers is consistent with subparagraph  
5 (C).

6 (F) Revenues collected from the fee do not exceed the reasonable  
7 costs of financing, designing, and constructing the facility and  
8 financing, designing, constructing, and operating any common-use  
9 transportation system, or acquiring vehicles for use in that system,  
10 and shall not be used for any other purpose.

11 (G) The fee is separately identified on the rental agreement.

12 (H) This paragraph does not apply to fees which are governed  
13 by Section 50474.1 of the Government Code or Section 57.5 of  
14 the San Diego Unified Port District Act.

15 (I) For any airport seeking to require rental car companies to  
16 collect an alternative customer facility charge pursuant to paragraph  
17 (2), the following provisions apply:

18 (i) Notwithstanding Section 10231.5 of the Government Code,  
19 the airport shall provide reports on an annual basis to the Senate  
20 and Assembly Committees on Judiciary detailing all of the  
21 following:

22 (I) The total amount of the customer facility charge collected.

23 (II) How the funds are being spent.

24 (III) The amount of and reason for any changes in the airport's  
25 budget or financial needs for the facility or common-use  
26 transportation system.

27 (IV) Whether airport concession fees authorized by Section  
28 1936.01 have increased since the prior report, if any.

29 (ii) The airport shall complete the independent audit required  
30 by subparagraph (B) of paragraph (4) of subdivision (a) prior to  
31 initial collection of the customer facility charge, prior to any  
32 increase pursuant to paragraph (2), and every three years after  
33 initial collection and any increase until such time as the fee  
34 authorization becomes inoperative pursuant to subparagraph (C)  
35 of paragraph (4) of subdivision (a). ~~The Controller shall review~~  
36 ~~those audits and independently examine and substantiate the~~  
37 ~~necessity for and the amount of the customer facility charge. The~~  
38 ~~Controller's costs shall be reimbursed by the individual airport~~  
39 ~~being audited. Notwithstanding Section 10231.5 of the Government~~  
40 ~~Code, the Controller shall report to the Legislature on its~~

1 conclusions, including whether the airport's actual or projected  
2 costs are supported and justified, any steps the airport may take to  
3 limit costs, potential alternatives for meeting the airport's revenue  
4 needs other than the collection of the fee, and whether and to what  
5 extent car rental companies or other businesses or individuals using  
6 the facility or common-use transportation system may pay for the  
7 costs associated with these facilities and systems other than the  
8 fee from rental customers, or whether the airport did not comply  
9 with any provision of this subparagraph.

10 (iii) Use of the bonds shall be limited to construction and design  
11 of the consolidated rental car facility, terminal modifications, and  
12 operating costs of the common-use transportation system, as  
13 specified in paragraph (4) of subdivision (a).

14 (2) Any airport may require rental car companies to collect an  
15 alternative customer facility charge under the following conditions:

16 (A) The airport first conducts a publicly noticed hearing pursuant  
17 to the Ralph M. Brown Act (Chapter 9 (commencing with Section  
18 54950) of Part 1 of Division 2 of Title 5 of the Government Code)  
19 to review the costs of financing the design and construction of a  
20 consolidated rental car facility and the design, construction, and  
21 operation of any common-use transportation system in which all  
22 of the following occur:

23 (i) The airport establishes the amount of revenue necessary to  
24 finance the reasonable cost to design and construct a consolidated  
25 rental car facility and to design, construct, and operate any  
26 common-use transportation system, or acquire vehicles for use in  
27 that system, based on evidence presented during the hearing.

28 (ii) The airport finds, based on evidence presented during the  
29 hearing, that the fee authorized in paragraph (1) will not generate  
30 sufficient revenue to finance the reasonable costs to design and  
31 construct a consolidated rental car facility and to design, construct,  
32 and operate any common-use transportation system, or acquire  
33 vehicles for use in that system.

34 (iii) The airport finds that the reasonable cost of the project  
35 requires the additional amount of revenue that would be generated  
36 by the proposed daily rate, including any rate increase, authorized  
37 pursuant to this paragraph.

38 (iv) The airport outlines each of the following:

39 (I) Steps it has taken to limit costs.

1 (II) Other potential alternatives for meeting its revenue needs  
2 other than the collection of the fee.

3 (III) The extent to which rental car companies or other  
4 businesses or individuals using the facility or common-use  
5 transportation system will pay for the costs associated with these  
6 facilities and systems other than the fee from rental customers.

7 ~~(v) The Controller reviews and substantiates the need for and~~  
8 ~~amount of the fee pursuant to clause (ii) of subparagraph (I) of~~  
9 ~~paragraph (1).~~

10 (B) The airport may not require the fee authorized in this  
11 paragraph to be collected at any time that the fee authorized in  
12 paragraph (1) of this subdivision is being collected.

13 (C) Pursuant to the procedure set forth in this subdivision, the  
14 fee may be collected at a rate charged on a per-day basis subject  
15 to the following conditions:

16 (i) Commencing January 1, 2011, the amount of the fee may  
17 not exceed six dollars (\$6) per day.

18 (ii) Commencing January 1, 2014, the amount of the fee may  
19 not exceed seven dollars and fifty cents (\$7.50) per day.

20 (iii) Commencing January 1, 2017, and thereafter, the amount  
21 of the fee may not exceed nine dollars (\$9) per day.

22 (iv) At no time shall the fee authorized in this paragraph be  
23 collected from any customer for more than five days for each  
24 individual rental car contract.

25 (v) An airport subject to this paragraph shall initiate the process  
26 for obtaining the authority to require or increase the alternative  
27 fee no later than January 1, 2018. Any airport that obtains the  
28 authority to require or increase an alternative fee shall be authorized  
29 to continue collecting that fee until the fee authorization becomes  
30 inoperative pursuant to subparagraph (C) of paragraph (4) of  
31 subdivision (a).

32 (3) Notwithstanding any other provision of law, including, but  
33 not limited to, Part 1 (commencing with Section 6001) to Part 1.7  
34 (commencing with Section 7280), inclusive, of Division 2 of the  
35 Revenue and Taxation Code, the fees collected pursuant to this  
36 section, or another law whereby a local agency operating an airport  
37 requires a rental car company to collect a facility financing fee  
38 from its customers, are not subject to sales, use, or transaction  
39 taxes.

(n) (1) A rental company shall only advertise, quote, and charge a rental rate that includes the entire amount except taxes, a customer facility charge, if any, and a mileage charge, if any, that a renter must pay to hire or lease the vehicle for the period of time to which the rental rate applies. A rental company shall not charge in addition to the rental rate, taxes, a customer facility charge, if any, and a mileage charge, if any, any fee that is required to be paid by the renter as a condition of hiring or leasing the vehicle, including, but not limited to, required fuel or airport surcharges other than customer facility charges, nor a fee for transporting the renter to the location where the rented vehicle will be delivered to the renter.

(2) In addition to the rental rate, taxes, customer facility charges, if any, and mileage charges, if any, a rental company may charge for an item or service provided in connection with a particular rental transaction if the renter could have avoided incurring the charge by choosing not to obtain or utilize the optional item or service. Items and services for which the rental company may impose an additional charge include, but are not limited to, optional insurance and accessories requested by the renter, service charges incident to the renter's optional return of the vehicle to a location other than the location where the vehicle was hired or leased, and charges for refueling the vehicle at the conclusion of the rental transaction in the event the renter did not return the vehicle with as much fuel as was in the fuel tank at the beginning of the rental. A rental company also may impose an additional charge based on reasonable age criteria established by the rental company.

(3) A rental company shall not charge a fee for authorized drivers in addition to the rental charge for an individual renter.

(4) If a rental company states a rental rate in print advertisement or in a telephonic, in-person, or computer-transmitted quotation, the rental company shall disclose clearly in that advertisement or quotation the terms of mileage conditions relating to the advertised or quoted rental rate, including, but not limited to, to the extent applicable, the amount of mileage and gas charges, the number of miles for which no charges will be imposed, and a description of geographic driving limitations within the United States and Canada.

(5) (A) When a rental rate is stated in an advertisement, quotation, or reservation in connection with a car rental at an airport where a customer facility charge is imposed, the rental company

1 shall disclose clearly the existence and amount of the customer  
2 facility charge. For purposes of this subparagraph, advertisements  
3 include radio, television, other electronic media, and print  
4 advertisements. For purposes of this subparagraph, quotations and  
5 reservations include those that are telephonic, in-person, and  
6 computer-transmitted. If the rate advertisement is intended to  
7 include transactions at more than one airport imposing a customer  
8 facility charge, a range of fees may be stated in the advertisement.  
9 However, all rate advertisements that include car rentals at airport  
10 destinations shall clearly and conspicuously include a toll-free  
11 telephone number whereby a customer can be told the specific  
12 amount of the customer facility charge to which the customer will  
13 be obligated.

14 (B) If a person or entity other than a rental car company,  
15 including a passenger carrier or a seller of travel services, advertises  
16 or quotes a rate for a car rental at an airport where a customer  
17 facility charge is imposed, that person or entity shall, provided  
18 that he, she, or it is provided with information about the existence  
19 and amount of the fee, to the extent not specifically prohibited by  
20 federal law, clearly disclose the existence and amount of the fee  
21 in any telephonic, in-person, or computer-transmitted quotation at  
22 the time of making an initial quotation of a rental rate and at the  
23 time of making a reservation of a rental car. If a rental car company  
24 provides the person or entity with rate and customer facility charge  
25 information, the rental car company is not responsible for the  
26 failure of that person or entity to comply with this subparagraph  
27 when quoting or confirming a rate to a third person or entity.

28 (6) If a rental company delivers a vehicle to a renter at a location  
29 other than the location where the rental company normally carries  
30 on its business, the rental company shall not charge the renter an  
31 amount for the rental for the period before the delivery of the  
32 vehicle. If a rental company picks up a rented vehicle from a renter  
33 at a location other than the location where the rental company  
34 normally carries on its business, the rental company shall not  
35 charge the renter an amount for the rental for the period after the  
36 renter notifies the rental company to pick up the vehicle.

37 (o) A rental company shall not use, access, or obtain any  
38 information relating to the renter's use of the rental vehicle that  
39 was obtained using electronic surveillance technology, except in  
40 the following circumstances:

1 (1) (A) When the equipment is used by the rental company  
2 only for the purpose of locating a stolen, abandoned, or missing  
3 rental vehicle after one of the following:

4 (i) The renter or law enforcement has informed the rental  
5 company that the vehicle is missing or has been stolen or  
6 abandoned.

7 (ii) The rental vehicle has not been returned following one week  
8 after the contracted return date, or by one week following the end  
9 of an extension of that return date.

10 (iii) The rental company discovers the rental vehicle has been  
11 stolen or abandoned, and, if stolen, it shall report the vehicle stolen  
12 to law enforcement by filing a stolen vehicle report, unless law  
13 enforcement has already informed the rental company that the  
14 vehicle is missing or has been stolen or abandoned.

15 (B) If electronic surveillance technology is activated pursuant  
16 to subparagraph (A), a rental company shall maintain a record, in  
17 either electronic or written form, of information relevant to the  
18 activation of that technology. That information shall include the  
19 rental agreement, including the return date, and the date and time  
20 the electronic surveillance technology was activated. The record  
21 shall also include, if relevant, a record of written or other  
22 communication with the renter, including communications  
23 regarding extensions of the rental, police reports, or other written  
24 communication with law enforcement officials. The record shall  
25 be maintained for a period of at least 12 months from the time the  
26 record is created and shall be made available upon the renter's  
27 request. The rental company shall maintain and furnish explanatory  
28 codes necessary to read the record. A rental company shall not be  
29 required to maintain a record if electronic surveillance technology  
30 is activated to recover a rental vehicle that is stolen or missing at  
31 a time other than during a rental period.

32 (2) In response to a specific request from law enforcement  
33 pursuant to a subpoena or search warrant.

34 (3) This subdivision does not prohibit a rental company from  
35 equipping rental vehicles with GPS-based technology that provides  
36 navigation assistance to the occupants of the rental vehicle, if the  
37 rental company does not use, access, or obtain information relating  
38 to the renter's use of the rental vehicle that was obtained using  
39 that technology, except for the purposes of discovering or repairing

1 a defect in the technology and the information may then be used  
2 only for that purpose.

3 (4) This subdivision does not prohibit a rental company from  
4 equipping rental vehicles with electronic surveillance technology  
5 that allows for the remote locking or unlocking of the vehicle at  
6 the request of the renter, if the rental company does not use, access,  
7 or obtain information relating to the renter's use of the rental  
8 vehicle that was obtained using that technology, except as  
9 necessary to lock or unlock the vehicle.

10 (5) This subdivision does not prohibit a rental company from  
11 equipping rental vehicles with electronic surveillance technology  
12 that allows the company to provide roadside assistance, such as  
13 towing, flat tire, or fuel services, at the request of the renter, if the  
14 rental company does not use, access, or obtain information relating  
15 to the renter's use of the rental vehicle that was obtained using  
16 that technology except as necessary to provide the requested  
17 roadside assistance.

18 (6) This subdivision does not prohibit a rental company from  
19 obtaining, accessing, or using information from electronic  
20 surveillance technology for the sole purpose of determining the  
21 date and time the vehicle is returned to the rental company, and  
22 the total mileage driven and the vehicle fuel level of the returned  
23 vehicle. This paragraph, however, shall apply only after the renter  
24 has returned the vehicle to the rental company, and the information  
25 shall only be used for the purpose described in this paragraph.

26 (p) A rental company shall not use electronic surveillance  
27 technology to track a renter in order to impose fines or surcharges  
28 relating to the renter's use of the rental vehicle.

29 (q) A renter may bring an action against a rental company for  
30 the recovery of damages and appropriate equitable relief for a  
31 violation of this section. The prevailing party shall be entitled to  
32 recover reasonable attorney's fees and costs.

33 (r) A rental company that brings an action against a renter for  
34 loss due to theft of the vehicle shall bring the action in the county  
35 in which the renter resides or, if the renter is not a resident of this  
36 state, in the jurisdiction in which the renter resides.

37 (s) A waiver of any of the provisions of this section shall be  
38 void and unenforceable as contrary to public policy.



1 (t) (1) A rental company's disclosure requirements shall be  
2 satisfied for renters who are enrolled in the rental company's  
3 membership program if all of the following conditions are met:

4 (A) Prior to the enrollee's first rental as a participant in the  
5 program, the renter receives, in writing, the following:

6 (i) All of the disclosures required by paragraph (1) of subdivision  
7 (g), including the terms and conditions of the rental agreement  
8 then in effect.

9 (ii) An Internet Web site address, as well as a contact number  
10 or address, where the enrollee can learn of changes to the rental  
11 agreement or to the laws of this state governing rental agreements  
12 since the effective date of the rental company's most recent  
13 restatement of the rental agreement and distribution of that  
14 restatement to its members.

15 (B) At the commencement of each rental period, the renter is  
16 provided, on the rental record or the folder in which it is inserted,  
17 with a printed notice stating that he or she had either previously  
18 selected or declined an optional damage waiver and that the renter  
19 has the right to change preferences.

20 (C) At the commencement of each rental period, the rental  
21 company provides, on the rearview mirror, a hanger on which a  
22 statement is printed, in a box, in at least 12-point boldface type,  
23 notifying the renter that the collision damage waiver offered by  
24 the rental company may be duplicative of coverage that the  
25 customer maintains under his or her own policy of motor vehicle  
26 insurance. If it is not feasible to hang the statement from the  
27 rearview mirror, it shall be hung from the steering wheel.

28 The hanger shall provide the renter a box to initial if he or she  
29 (not his or her employer) has previously accepted or declined the  
30 collision damage waiver and that he or she now wishes to change  
31 his or her decision to accept or decline the collision damage waiver,  
32 as follows:

33 "☐ If I previously accepted the collision damage waiver, I  
34 now decline it.

35 ☐ If I previously declined the collision damage waiver, I now  
36 accept it."

37 The hanger shall also provide a box for the enrollee to indicate  
38 whether this change applies to this rental transaction only or to all  
39 future rental transactions. The hanger shall also notify the renter  
40 that he or she may make that change, prior to leaving the lot, by

1 returning the form to an employee designated to receive the form  
2 who is present at the lot where the renter takes possession of the  
3 car, to receive any change in the rental agreement from the renter.

4 (2) (A) This subdivision is not effective unless the employee  
5 designated pursuant to subparagraph (E) of paragraph (8) of  
6 subdivision (a) is actually present at the required location.

7 (B) This subdivision does not relieve the rental company from  
8 the disclosures required to be made within the text of a contract  
9 or holder in which the contract is placed; in or on an advertisement  
10 containing a rental rate; or in a telephonic, in-person, or  
11 computer-transmitted quotation or reservation.

12 (u) The amendments made to this section during the 2001–02  
13 Regular Session of the Legislature do not affect litigation pending  
14 on or before January 1, 2003, alleging a violation of Section 22325  
15 of the Business and Professions Code as it read at the time the  
16 action was commenced.

17 (v) This section shall become operative on January 1, 2015.

18 *SEC. 4. Section 5924 of the Government Code, as amended by*  
19 *Section 1 of Chapter 646 of the Statutes of 2009, is amended to*  
20 *read:*

21 5924. (a) (1) Notwithstanding Section 13340, there is hereby  
22 continuously appropriated without regard to fiscal years, from the  
23 General Fund in the State Treasury for the purpose of this chapter,  
24 an amount that will equal the sum annually as will be necessary  
25 to pay all obligations, including principal, interest, fees, costs,  
26 indemnities, and all other amounts incurred by the state under or  
27 in connection with any credit enhancement or liquidity agreement,  
28 as specified in paragraph (2), that is entered into by the state  
29 pursuant to this chapter for bonds payable pursuant to an  
30 appropriation from the General Fund.

31 (2) A credit enhancement or liquidity agreement subject to this  
32 section includes a credit enhancement or liquidity agreement that  
33 is in the form of a letter of credit, standby purchase agreement,  
34 reimbursement agreement, liquidity facility, or other similar  
35 arrangement.

36 (b) (1) If the agent for sale determines that the credit  
37 enhancement or liquidity agreement is expected to result in a lower  
38 cost of the borrowing for the bonds to which the credit  
39 enhancement or liquidity agreement pertains, the state may incur  
40 fees, costs, and other similar expenses under or in connection with

1 any credit enhancement or liquidity agreement entered into by the  
2 state pursuant to this chapter.

3 (2) The amount appropriated pursuant to subdivision (a) for  
4 fees, costs, and other similar expenses incurred in connection with  
5 any credit enhancement or liquidity agreement, when expressed  
6 as a percentage of the original principal amount of the bonds to  
7 which the credit enhancement or liquidity agreement pertains, may  
8 not exceed 3 percent.

9 (3) The amount appropriated pursuant to subdivision (a) for  
10 interest incurred in connection with any credit enhancement or  
11 liquidity agreement, when expressed as a percentage of the  
12 outstanding principal amount of the bonds to which the credit  
13 enhancement or liquidity agreement pertains, may not exceed the  
14 interest rate percentage set forth in subdivision (d) of Section  
15 16731.

16 ~~(e) This section shall become inoperative on June 30, 2013, and,~~  
17 ~~as of January 1, 2014, is repealed, unless a later enacted statute,~~  
18 ~~that becomes operative on or before January 1, 2014, deletes or~~  
19 ~~extends the dates on which it becomes inoperative and is repealed.~~

20 *SEC. 5. Section 5924 of the Government Code, as added by*  
21 *Section 2 of Chapter 633 of the Statutes of 2009, is repealed.*

22 ~~5924. (a) (1) Notwithstanding Section 13340, there is hereby~~  
23 ~~continuously appropriated without regard to fiscal years, from the~~  
24 ~~General Fund in the State Treasury for the purpose of this chapter,~~  
25 ~~an amount that will equal the sum annually as will be necessary~~  
26 ~~to pay all obligations, including principal, interest, fees, costs,~~  
27 ~~indemnities, and all other amounts incurred by the state under or~~  
28 ~~in connection with any credit enhancement or liquidity agreement,~~  
29 ~~as specified in paragraph (2), that is entered into by the state~~  
30 ~~pursuant to this chapter for bonds payable pursuant to an~~  
31 ~~appropriation from the General Fund.~~

32 ~~(2) A credit enhancement or liquidity agreement subject to this~~  
33 ~~section includes a credit enhancement or liquidity agreement that~~  
34 ~~is in the form of a letter of credit, standby purchase agreement,~~  
35 ~~reimbursement agreement, liquidity facility, or other similar~~  
36 ~~arrangement.~~

37 ~~(b) (1) If the agent for sale determines that the credit~~  
38 ~~enhancement or liquidity agreement is expected to result in a lower~~  
39 ~~cost of the borrowing for the bonds to which the credit~~  
40 ~~enhancement or liquidity agreement pertains, the state may incur~~

1 fees, costs, and other similar expenses under or in connection with  
2 any credit enhancement or liquidity agreement entered into by the  
3 state pursuant to this chapter.

4 ~~(2) The amount appropriated pursuant to subdivision (a) for~~  
5 ~~fees, costs, and other similar expenses incurred in connection with~~  
6 ~~any credit enhancement or liquidity agreement, when expressed~~  
7 ~~as a percentage of the original principal amount of the bonds to~~  
8 ~~which the credit enhancement or liquidity agreement pertains, may~~  
9 ~~not exceed the percentage set forth in paragraph (1) of subdivision~~  
10 ~~(g) of Section 147 of Title 26 of the United States Code enacted~~  
11 ~~as of January 1, 2003.~~

12 ~~(3) The amount appropriated pursuant to subdivision (a) for~~  
13 ~~interest incurred in connection with any credit enhancement or~~  
14 ~~liquidity agreement, when expressed as a percentage of the~~  
15 ~~outstanding principal amount of the bonds to which the credit~~  
16 ~~enhancement or liquidity agreement pertains, may not exceed the~~  
17 ~~interest rate percentage set forth in subdivision (d) of Section~~  
18 ~~16731.~~

19 ~~(e) This section shall become operative June 30, 2013.~~

20 *SEC. 6. Section 5924 of the Government Code, as added by*  
21 *Section 2 of Chapter 646 of the Statutes of 2009, is repealed.*

22 5924. (a) (1) Notwithstanding Section 13340, there is hereby  
23 continuously appropriated without regard to fiscal years, from the  
24 General Fund in the State Treasury for the purpose of this chapter,  
25 an amount that will equal the sum annually as will be necessary  
26 to pay all obligations, including principal, interest, fees, costs,  
27 indemnities, and all other amounts incurred by the state under or  
28 in connection with any credit enhancement or liquidity agreement,  
29 as specified in paragraph (2), that is entered into by the state  
30 pursuant to this chapter for bonds payable pursuant to an  
31 appropriation from the General Fund.

32 (2) A credit enhancement or liquidity agreement subject to this  
33 section includes a credit enhancement or liquidity agreement that  
34 is in the form of a letter of credit, standby purchase agreement,  
35 reimbursement agreement, liquidity facility, or other similar  
36 arrangement.

37 (b) (1) If the agent for sale determines that the credit  
38 enhancement or liquidity agreement is expected to result in a lower  
39 cost of the borrowing for the bonds to which the credit  
40 enhancement or liquidity agreement pertains, the state may incur

1 fees, costs, and other similar expenses under or in connection with  
2 any credit enhancement or liquidity agreement entered into by the  
3 state pursuant to this chapter.

4 ~~(2) The amount appropriated pursuant to subdivision (a) for~~  
5 ~~fees, costs, and other similar expenses incurred in connection with~~  
6 ~~any credit enhancement or liquidity agreement, when expressed~~  
7 ~~as a percentage of the original principal amount of the bonds to~~  
8 ~~which the credit enhancement or liquidity agreement pertains, may~~  
9 ~~not exceed the percentage set forth in paragraph (1) of subdivision~~  
10 ~~(g) of Section 147 of Title 26 of the United States Code enacted~~  
11 ~~as of January 1, 2003.~~

12 ~~(3) The amount appropriated pursuant to subdivision (a) for~~  
13 ~~interest incurred in connection with any credit enhancement or~~  
14 ~~liquidity agreement, when expressed as a percentage of the~~  
15 ~~outstanding principal amount of the bonds to which the credit~~  
16 ~~enhancement or liquidity agreement pertains, may not exceed the~~  
17 ~~interest rate percentage set forth in subdivision (d) of Section~~  
18 ~~16731.~~

19 ~~(e) This section shall become operative June 30, 2013.~~

20 *SEC. 7. Section 8169.7 is added to the Government Code, to*  
21 *read:*

22 *8169.7. (a) The department may sell all or a portion of the*  
23 *following properties located in the County of Sacramento, City of*  
24 *Sacramento, State of California, and leased by the department to*  
25 *the Capitol Area Development Authority:*

26 *(1) Parcel 1. Approximately 0.14 acres of land, not including*  
27 *improvements thereon, located at 1510 14th Street, and identified*  
28 *by Sacramento County Assessor Parcel Number 006-0224-026.*

29 *(2) Parcel 2. Approximately 0.22 acres of land, not including*  
30 *improvements thereon, located at 1530 N Street and 1412 16th*  
31 *Street, and identified by Sacramento County Assessor Parcel*  
32 *Numbers 006-0231-008 and 006-0231-009.*

33 *(3) Parcel 3. Approximately 0.15 acres of land, not including*  
34 *improvements thereon, located at 1416 17th Street and 1631 O*  
35 *Street, and identified by Sacramento County Assessor Parcel*  
36 *Numbers 006-0233-012 and 006-0233-013.*

37 *(4) Parcel 4. Approximately 0.59 acres of land, not including*  
38 *improvements thereon, located at 1609 O Street, and identified by*  
39 *Sacramento County Assessor Parcel Number 006-0233-026.*

1     (5) *Parcel 5. Approximately 0.07 acres of land, not including*  
2 *improvements thereon, located at 1612 14th Street, and identified*  
3 *by Sacramento County Assessor Parcel Number 006-0284-011.*

4     (6) *Parcel 6. Approximately 0.30 acres of land, not including*  
5 *improvements thereon, located at 1616, 1622, and 1626 14th Street*  
6 *and 1325 and 1331 Q Street, and identified by Sacramento County*  
7 *Assessor Parcel Numbers 006-0284-012, 006-0284-013,*  
8 *006-0284-014, 006-0284-015, and 006-0284-016.*

9     (b) *The properties shall be sold for market value, or upon terms*  
10 *and conditions as the director, with concurrence of the Department*  
11 *of Finance, determines are in the best interest of the state.*

12     (c) *The department may offer the property for sale pursuant to*  
13 *a public bidding process designed to obtain the highest return for*  
14 *the state. Any transaction based on such a bidding process shall*  
15 *be deemed to be the market value. The director, at the director's*  
16 *sole discretion, may reject all bids received if it is in the best*  
17 *interest of the state to do so.*

18     (d) *The department shall be reimbursed for any cost or expense*  
19 *incurred in the disposition of any parcels from the sale proceeds.*

20     (e) *The Director of Finance may provide a loan from the*  
21 *General Fund in the amount of not more than two hundred*  
22 *thousand dollars (\$200,000) to augment Item 1760-001-0002 of*  
23 *Section 2.00 of the Budget Act of 2012 and may adjust the amounts*  
24 *appropriated in Item 1760-001-0002 of Section 2.00 of the Budget*  
25 *Act of 2012, for the purposes of supporting the management of the*  
26 *state's real property footprint reduction to accommodate any*  
27 *increase in workload or other costs to the department in*  
28 *implementing this section.*

29     (f) *The disposition of the properties shall be made on an "as*  
30 *is" basis, and any sale shall be exempt from Chapter 3*  
31 *(commencing with Section 21100) to Chapter 6 (commencing with*  
32 *Section 21165), inclusive, of Division 13 of the Public Resources*  
33 *Code.*

34     (g) *As to any property sold pursuant to this section, the director*  
35 *shall except and reserve to the state all mineral deposits possessed*  
36 *by the state, as defined in Section 6407 of the Public Resources*  
37 *Code, below a depth of 500 feet, without surface rights of entry.*  
38 *The rights to prospect for, mine, and remove the deposits shall be*  
39 *limited to those areas of the property conveyed that the director,*

1 *after consultation with the State Lands Commission, determines*  
2 *to be reasonably necessary for the removal of the deposits.*

3 *(h) The disposition of the properties pursuant to this section*  
4 *shall not constitute a sale or other disposition of surplus state*  
5 *property pursuant to Section 11011.*

6 *(i) The net proceeds of any moneys received from the disposition*  
7 *of any parcels described in this section shall be deposited in the*  
8 *General Fund or the Deficit Recovery Fund as determined by the*  
9 *Department of Finance.*

10 *SEC. 8. Section 8879.58 of the Government Code is amended*  
11 *to read:*

12 8879.58. (a) (1) No later than September 1 of the first fiscal  
13 year in which the Legislature appropriates funds from the Transit  
14 System Safety, Security, and Disaster Response Account, and no  
15 later than September 1 of each fiscal year thereafter in which funds  
16 are appropriated from that account, the Controller shall develop  
17 and make public a list of eligible agencies and transit operators  
18 and the amount of funds each is eligible to receive from the account  
19 pursuant to subdivision (a) of Section 8879.57. It is the intent of  
20 the Legislature that funds allocated to specified recipients pursuant  
21 to this section provide each recipient with the same proportional  
22 share of funds as the proportional share each received from the  
23 allocation of State Transit Assistance funds, pursuant to Sections  
24 99313 and 99314 of the Public Utilities Code, over fiscal years  
25 2004–05, 2005–06, and 2006–07.

26 (2) In establishing the amount of funding each eligible recipient  
27 is to receive under subdivision (a) of Section 8879.57 from  
28 appropriated funds to be allocated based on Section 99313 of the  
29 Public Utilities Code, the Controller shall make the following  
30 computations:

31 (A) For each eligible recipient, compute the amounts of State  
32 Transit Assistance funds allocated to that recipient pursuant to  
33 Section 99313 of the Public Utilities Code during the 2004–05,  
34 2005–06, and 2006–07 fiscal years.

35 (B) Compute the total statewide allocation of State Transit  
36 Assistance funds pursuant to Section 99313 of the Public Utilities  
37 Code during the 2004–05, 2005–06, and 2006–07 fiscal years.

38 (C) Divide subparagraph (A) by subparagraph (B).

39 (D) For each eligible recipient, multiply the allocation factor  
40 computed pursuant to subparagraph (C) by 50 percent of the

1 amount available for allocation pursuant to subdivision (a) of  
2 Section 8879.57.

3 (3) In establishing the amount of funding each eligible recipient  
4 is eligible to receive under subdivision (a) of Section 8879.57 from  
5 funds to be allocated based on Section 99314 of the Public Utilities  
6 Code, the Controller shall make the following computations:

7 (A) For each eligible recipient, compute the amounts of State  
8 Transit Assistance funds allocated to that recipient pursuant to  
9 Section 99314 of the Public Utilities Code during the 2004–05,  
10 2005–06, and 2006–07 fiscal years.

11 (B) Compute the total statewide allocation of State Transit  
12 Assistance funds pursuant to Section 99314 of the Public Utilities  
13 Code during the 2004–05, 2005–06, and 2006–07 fiscal years.

14 (C) Divide subparagraph (A) by subparagraph (B).

15 (D) For each eligible recipient, multiply the allocation factor  
16 computed pursuant to subparagraph (C) by 50 percent of the  
17 amount available for allocation pursuant to subdivision (a) of  
18 Section 8879.57.

19 (4) The Controller shall notify eligible recipients of the amount  
20 of funding each is eligible to receive pursuant to subdivision (a)  
21 of Section 8879.57 for the duration of time that these funds are  
22 made available for these purposes based on the computations  
23 pursuant to subparagraph (D) of paragraph (2) and subparagraph  
24 (D) of paragraph (3).

25 (b) Prior to seeking a disbursement of funds for an eligible  
26 project, an agency or transit operator on the public list described  
27 in paragraph (1) of subdivision (a) shall submit to the California  
28 Emergency Management Agency a description of the project it  
29 proposes to fund with its share of funds from the account. The  
30 description shall include all of the following:

31 (1) A summary of the proposed project that describes the safety,  
32 security, or emergency response benefit that the project intends to  
33 achieve.

34 (2) That the useful life of the project shall not be less than the  
35 required useful life for capital assets specified in subdivision (a)  
36 of Section 16727.

37 (3) The estimated schedule for the completion of the project.

38 (4) The total cost of the proposed project, including  
39 identification of all funding sources necessary for the project to  
40 be completed.



1 (c) After receiving the information required to be submitted  
2 under subdivision (b), the agency shall review the information to  
3 determine all of the following:

4 (1) The project is consistent with the purposes described in  
5 subdivision (h) of Section 8879.23.

6 (2) The project is an eligible capital expenditure, as described  
7 in subdivision (a) of Section 8879.57.

8 (3) The project is a capital improvement that meets the  
9 requirements of paragraph (2) of subdivision (b).

10 (4) The project, or a useful component thereof, is, or will  
11 become, fully funded with an allocation of funds from the Transit  
12 System Safety, Security, and Disaster Response Account.

13 (d) (1) Upon conducting the review required in subdivision (c)  
14 and determining that a proposed project meets the requirements  
15 of that subdivision, the agency shall, on a quarterly basis, provide  
16 the Controller with a list of projects and the sponsoring agencies  
17 or transit operators eligible to receive an allocation from the  
18 account.

19 (2) The list of projects submitted to the Controller for allocation  
20 for any one fiscal year shall be constrained by the total amount of  
21 funds appropriated by the Legislature for the purposes of this  
22 section for that fiscal year.

23 (3) For a fiscal year in which the number of projects submitted  
24 for funding under this section exceeds available funds, the agency  
25 shall prioritize projects contained on the lists submitted pursuant  
26 to paragraph (1) so that (A) projects addressing the greatest risks  
27 to the public *and that demonstrate the ability and intent to expend*  
28 *a significant percentage of project funds within six months* have  
29 the highest priority and (B) to the maximum extent possible, the  
30 list reflects a distribution of funding that is geographically  
31 balanced.

32 (e) Upon receipt of the information from the agency required  
33 by subdivision (d), the Controller's office shall commence any  
34 necessary actions to allocate funds to eligible agencies and transit  
35 operators sponsoring projects on the list of projects, including, but  
36 not limited to, seeking the issuance of bonds for that purpose. The  
37 total allocations to any one eligible agency or transit operator shall  
38 not exceed that agency's or transit operator's share of funds from  
39 the account pursuant to the formula contained in subdivision (a)  
40 of Section 8879.57.

1 (f) During each fiscal year that an agency or transit operator  
2 receives funds pursuant to this section, the California Emergency  
3 Management Agency may monitor the project expenditures to  
4 ensure compliance with this section.

5 ~~(f)~~

6 (g) The Controller's office may, pursuant to Section 12410, use  
7 its authority to audit the use of state bond funds on projects  
8 receiving an allocation under this section. Each eligible agency or  
9 transit operator sponsoring a project subject to an audit shall  
10 provide any and all data requested by the Controller's office in  
11 order to complete the audit. The Controller's office shall transmit  
12 copies of all completed audits to the agency and to the policy  
13 committees of the Legislature with jurisdiction over transportation  
14 and budget issues.

15 SEC. 9. Section 8879.59 of the Government Code is amended  
16 to read:

17 8879.59. (a) For funds appropriated from the Transit System  
18 Safety, Security, and Disaster Response Account for allocation to  
19 transit agencies eligible to receive funds pursuant to subdivision  
20 (b) of Section 8879.57, the California Emergency Management  
21 Agency (Cal EMA) shall administer a grant application and award  
22 program for those transit agencies.

23 (b) Funds awarded to transit agencies pursuant to this section  
24 shall be for eligible capital expenditures as described in subdivision  
25 (b) of Section 8879.57.

26 (c) Prior to allocating funds to projects pursuant to this section,  
27 Cal EMA shall adopt guidelines to establish the criteria and process  
28 for the distribution of funds described in this section. Prior to  
29 adopting the guidelines, Cal EMA shall hold a public hearing on  
30 the proposed guidelines.

31 (d) For each fiscal year in which funds are appropriated for the  
32 purposes of this section, Cal EMA shall issue a notice of funding  
33 availability no later than October 1.

34 (e) No later than December 1 of each fiscal year in which the  
35 notice in subdivision (d) is issued, eligible transit agencies may  
36 submit project nominations for funding to Cal EMA for its review  
37 and consideration. Project nominations shall include all of the  
38 following:

1 (1) A description of the project, which shall illustrate the  
2 physical components of the project and the security or emergency  
3 response benefit to be achieved by the completion of the project.

4 (2) Identification of all nonbond sources of funding committed  
5 to the project.

6 (3) An estimate of the project's full cost and the proposed  
7 schedule for the project's completion.

8 *(f) For a fiscal year in which the number of projects submitted*  
9 *for funding under this section exceeds available funds, Cal EMA*  
10 *shall prioritize projects so that projects addressing the greatest*  
11 *risks to the public and that demonstrate the ability and intent to*  
12 *expend a significant percentage of project funds within six months*  
13 *have the highest priority.*

14 ~~(f)~~

15 (g) No later than February 1, Cal EMA shall select eligible  
16 projects to receive grants under this section and shall provide the  
17 Controller with a list of the projects and the sponsoring agencies  
18 eligible to receive an allocation from the account. Upon receipt of  
19 this information, the Controller's office shall commence any  
20 necessary actions to allocate funds to those agencies, including,  
21 but not limited to, seeking the issuance of bonds for that purpose.  
22 Grants awarded to eligible transit agencies pursuant to subdivision  
23 (b) of Section 8879.57 shall be for eligible capital expenditures,  
24 as described in paragraph (2) of subdivision (b) of that section.

25 *(h) During each fiscal year that a transit agency receives funds*  
26 *pursuant to this section, Cal EMA may monitor the project*  
27 *expenditures to ensure project funds are expended in compliance*  
28 *with the submitted project nomination.*

29 *SEC. 10. Section 11270 of the Government Code is amended*  
30 *to read:*

31 11270. As used in this article, "administrative costs" means  
32 the amounts expended by the Legislature, the Legislative Counsel  
33 Bureau, ~~the office of the Governor~~ *Governor's Office*, ~~the office~~  
34 ~~of the State Chief Information Officer~~ *California Technology*  
35 *Agency*, the Office of Planning and Research, the Department of  
36 Justice, ~~the office of the Controller~~ *State Controller's Office*, ~~the~~  
37 ~~office of the Treasurer~~ *State Treasurer's Office*, the State Personnel  
38 Board, the Department of Finance, *the Financial Information*  
39 *System for California*, the Office of Administrative Law, the  
40 Department of ~~Personnel Administration~~ *Human Resources*, the

1 Secretary of the State and Consumer Services Agency, the  
2 Secretary of the California Health and Human Services Agency,  
3 the Bureau of State Audits, and the California State Library, and  
4 a proration of any other cost to or expense of the state for services  
5 or facilities provided for the Legislature and the above agencies,  
6 for supervision or administration of the state government or for  
7 services to other state agencies.

8 *SEC. 11. Section 11546 of the Government Code is amended*  
9 *to read:*

10 11546. (a) The California Technology Agency shall be  
11 responsible for the approval and oversight of information  
12 technology projects, which shall include, but are not limited to,  
13 all of the following:

14 (1) Establishing and maintaining a framework of policies,  
15 procedures, and requirements for the initiation, approval,  
16 implementation, management, oversight, and continuation of  
17 information technology projects. *Unless otherwise required by*  
18 *law, a state department shall not procure oversight services of*  
19 *information technology projects without the approval of the*  
20 *California Technology Agency.*

21 (2) Evaluating information technology projects based on the  
22 business case justification, resources requirements, proposed  
23 technical solution, project management, oversight and risk  
24 mitigation approach, and compliance with statewide strategies,  
25 policies, and procedures. Projects shall continue to be funded  
26 through the established Budget Act process.

27 (3) Consulting with agencies during initial project planning to  
28 ensure that project proposals are based on well-defined  
29 programmatic needs, clearly identify programmatic benefits, and  
30 consider feasible alternatives to address the identified needs and  
31 benefits consistent with statewide strategies, policies, and  
32 procedures.

33 (4) Consulting with agencies prior to project initiation to review  
34 the project governance and management framework to ensure that  
35 it is best designed for success and will serve as a resource for  
36 agencies throughout the project implementation.

37 (5) Requiring agencies to provide information on information  
38 technology projects including, but not limited to, all of the  
39 following:

1 (A) The degree to which the project is within approved scope,  
2 cost, and schedule.

3 (B) Project issues, risks, and corresponding mitigation efforts.

4 (C) The current estimated schedule and costs for project  
5 completion.

6 (6) Requiring agencies to perform remedial measures to achieve  
7 compliance with approved project objectives. These remedial  
8 measures may include, but are not limited to, any of the following:

9 (A) Independent assessments of project activities, the cost of  
10 which shall be funded by the agency administering the project.

11 (B) Establishing remediation plans.

12 (C) Securing appropriate expertise, the cost of which shall be  
13 funded by the agency administering the project.

14 (D) Requiring additional project reporting.

15 (E) Requiring approval to initiate any action identified in the  
16 approved project schedule.

17 (7) Suspending, reinstating, or terminating information  
18 technology projects. The agency shall notify the Joint Legislative  
19 Budget Committee of any project suspension, reinstatement, and  
20 termination within 30 days of that suspension, reinstatement, or  
21 termination.

22 (8) Establishing restrictions or other controls to mitigate  
23 nonperformance by agencies, including, but not limited to, any of  
24 the following:

25 (A) The restriction of future project approvals pending  
26 demonstration of successful correction of the identified  
27 performance failure.

28 (B) The revocation or reduction of authority for state agencies  
29 to initiate information technology projects or acquire information  
30 technology or telecommunications goods or services.

31 (b) The California Technology Agency shall have the authority  
32 to delegate to another agency any authority granted under this  
33 section based on its assessment of the agency's project  
34 management, project oversight, and project performance.

35 *SEC. 12. Section 12531 is added to the Government Code, to*  
36 *read:*

37 *12531. (a) The Legislature finds and declares that California,*  
38 *represented by the California Attorney General, entered a national*  
39 *multistate settlement with the country's five largest loan servicers.*  
40 *This agreement, the National Mortgage Settlement stemmed from*

1 *successful resolution of federal court action (Consent Judgment,*  
2 *United States v. Bank of America (No. 1:12-cv-00361, Banzr. D.C.*  
3 *Apr. 4, 2012). The National Mortgage Settlement is broad ranging,*  
4 *with California's share of this settlement estimated to be up to*  
5 *eighteen billion dollars (\$18,000,000,000). Of this amount,*  
6 *approximately four hundred ten million dollars (\$410,000,000)*  
7 *will come directly to the state in costs, fees, and penalty payments.*

8 *(b) There is hereby created in the State Treasury the National*  
9 *Mortgage Special Deposit Fund. Notwithstanding Section 13340,*  
10 *all moneys in the fund are hereby continuously appropriated, and*  
11 *shall be allocated by the Department of Finance.*

12 *(c) Direct payments made to the State of California as civil*  
13 *penalties pursuant to the National Mortgage Settlement shall be*  
14 *deposited in the Unfair Competition Law Fund as required by the*  
15 *settlement.*

16 *(d) Direct payments made to the State of California pursuant*  
17 *to the National Mortgage Settlement, except for those payments*  
18 *made pursuant to subdivision (c), shall be deposited in the National*  
19 *Mortgage Special Deposit Fund.*

20 *(e) Notwithstanding any other law, the Director of Finance may*  
21 *allocate or otherwise use the funds in the National Mortgage*  
22 *Special Deposit Fund to offset General Fund expenditures in the*  
23 *2011–12, 2012–13, and 2013–14 fiscal years. The Department of*  
24 *Finance and the Controller's office shall recognize this fiscal*  
25 *alignment accordingly for the purpose of the state budget process*  
26 *and legal basis of accounting.*

27 *(f) Not less than 30 days prior to allocating any moneys pursuant*  
28 *to subdivision (e), the Department of Finance shall submit an*  
29 *expenditure plan to the Joint Legislative Budget Committee*  
30 *detailing the proposed use of the moneys in the National Mortgage*  
31 *Special Deposit Fund.*

32 *(g) Notwithstanding any other law, the Controller may use the*  
33 *funds in the National Mortgage Special Deposit Fund for cashflow*  
34 *loans to the General Fund as provided in Sections 16310 and*  
35 *16381.*

36 *SEC. 13. Section 13071 of the Government Code is amended*  
37 *to read:*

38 *13071. The Director of Finance shall be responsible for*  
39 *coordinating state agency internal audits and identifying when*  
40 *agencies are required to comply with federally mandated audits.*

1 The Director of Finance, in coordinating the internal auditors of  
2 state agencies, shall ensure that these auditors utilize the “Standards  
3 for the Professional Practices of Internal Auditing.”

4 *SEC. 14. Section 13300.5 is added to the Government Code,*  
5 *to read:*

6 *13300.5. (a) The Legislature finds and declares that the project*  
7 *of the FISCal Project to modernize the state’s internal financial*  
8 *systems is a critical project that must be subject to the highest level*  
9 *of oversight. According to the California Technology Agency, the*  
10 *size and scope of this modernization and automation effort make*  
11 *this project one of the highest risk projects undertaken by the state.*  
12 *Therefore, the Legislature must take steps to ensure it is fully*  
13 *informed as the project is implemented. It is the intent of the*  
14 *Legislature to adopt additional reporting requirements for the*  
15 *FISCal Project Office to adequately manage the project’s risk and*  
16 *to ensure the successful implementation of this effort.*

17 *(b) The FISCal Project Office shall report to the Legislature,*  
18 *by February 15 of each year, an update on the project. The report*  
19 *shall include all of the following:*

20 *(1) An executive summary and overview of the project’s status.*

21 *(2) An overview of the project’s history.*

22 *(3) Significant events of the project within the current reporting*  
23 *period and a projection of events during the next reporting period.*

24 *(4) A discussion of mitigation actions being taken by the project*  
25 *for any missed major milestones.*

26 *(5) A comparison of actual to budgeted expenditures, and an*  
27 *explanation of variances and any planned corrective actions,*  
28 *including a summary of FISCal project and staffing levels and an*  
29 *estimate of staff participation from partner agencies.*

30 *(6) An articulation of expected functionality and qualitative*  
31 *benefits from the project that were achieved during the reporting*  
32 *period and that are expected to be achieved in the subsequent year.*

33 *(7) An overview of change management activities and*  
34 *stakeholder engagement in the project, including a summary of*  
35 *departmental participation in the FISCal project.*

36 *(8) A discussion of lessons learned and best practices that will*  
37 *be incorporated into future changes in management activities.*

38 *(9) A description of any significant software customization,*  
39 *including a justification for why, if any, customization was granted.*

1     (10) Updates on the progress of meeting the project objectives,  
2     including the objectives provided in paragraph (1) of subdivision  
3     (c) of Section 15849.22.

4     (c) The initial report, due February 15, 2013, shall provide a  
5     description of the approved project scope. Later reports shall  
6     describe any later deviations to the project scope, cost, or schedule.

7     (d) The initial report shall also provide a summary of the project  
8     history from Special Project Report 1 to Special Project Report  
9     4, inclusive.

10    (e) This section shall remain in effect until a postimplementation  
11    evaluation report has been approved by the California Technology  
12    Agency. The California Technology Agency shall post a notice on  
13    its Internet Web site when the report is approved.

14    SEC. 15. Section 15849.6 of the Government Code, as added  
15    by Section 13 of Chapter 726 of the Statutes of 2010, is repealed.

16    ~~15849.6. Notwithstanding any provision of this part to the~~  
17    ~~contrary, the board may issue bonds, notes, or other obligations~~  
18    ~~to finance the acquisition or construction of a public building,~~  
19    ~~facility, or equipment as authorized by the Legislature, in the total~~  
20    ~~amount authorized by the Legislature, and any additional amount~~  
21    ~~authorized by the board to pay the cost of financing. This additional~~  
22    ~~amount may include interest during acquisition or interest prior~~  
23    ~~to, during, and for a period of six months after construction of the~~  
24    ~~public building, facility, or equipment, interest payable on any~~  
25    ~~interim loan for the public building, facility, or equipment from~~  
26    ~~the General Fund or from the Pooled Money Investment Account,~~  
27    ~~a reasonably required reserve fund, and the costs of issuance of~~  
28    ~~any interim financing and permanent financing after completion~~  
29    ~~of the construction or acquisition of the public building, facility,~~  
30    ~~or equipment.~~

31    ~~This section shall be applicable to, but not limited to, bonds,~~  
32    ~~notes, or obligations of the board that were authorized by~~  
33    ~~appropriations of the Legislature made prior to the effective date~~  
34    ~~of this section.~~

35    SEC. 16. Section 15849.6 of the Government Code, as added  
36    by Section 2 of Chapter 727 of the Statutes of 2010, is amended  
37    to read:

38    15849.6. Notwithstanding any provision of this part to the  
39    contrary, the board may issue bonds, notes, or other obligations  
40    to finance the acquisition, *design*, or construction of a public



building, ~~facility, or equipment~~ as authorized by the Legislature, in the total amount authorized by the Legislature, and any additional amount authorized by the board to pay the cost of financing. This additional amount may include interest during acquisition or interest prior to, during, and for a period of six months after construction of the public building, ~~facility, or equipment~~, interest payable on any interim loan *or interim financing* for the public building, ~~facility, or equipment from the General Fund or from the Pooled Money Investment Account~~, a reasonably required reserve fund, and the costs of issuance of any interim financing and permanent financing ~~after completion of the construction or acquisition of the public building, facility, or equipment~~.

This section shall be applicable to, but not limited to, bonds, notes, or obligations of the board that were authorized by appropriations of the Legislature made prior to the effective date of this section.

*SEC. 17. Section 15849.65 is added to the Government Code, to read:*

*15849.65. (a) Notwithstanding any provision of this part to the contrary, when a public building for the University of California is authorized, in full or in part, to be financed under this part, the board may issue bonds, notes, or other obligations to reimburse any debt service related to obligations issued or entered into by the Regents of the University of California as interim financing for the public building. In addition to the amount authorized by the Legislature for a public building for the University of California, the board may authorize an additional amount to pay related interest and issuance costs associated with the obligations issued or entered into by the Regents of the University of California.*

*(b) This section shall be applicable to, but not limited to, bonds, notes, or obligations of the board that were authorized by appropriations of the Legislature made prior to the effective date of this section.*

*(c) This section shall become inoperative on July 1, 2017, and, as of January 1, 2018, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2018, deletes or extends the dates on which it becomes inoperative and is repealed.*

1     *SEC. 18. Section 17581 of the Government Code is amended*  
2     *to read:*

3     17581. (a) No local agency shall be required to implement or  
4     give effect to any statute or executive order, or portion thereof,  
5     during any fiscal year and for the period immediately following  
6     that fiscal year for which the Budget Act has not been enacted for  
7     the subsequent fiscal year if all of the following apply:

8     (1) The statute or executive order, or portion thereof, has been  
9     determined by the Legislature, the commission, or any court to  
10    mandate a new program or higher level of service requiring  
11    reimbursement of local agencies pursuant to Section 6 of Article  
12    XIII B of the California Constitution.

13    (2) The statute or executive order, or portion thereof, or the  
14    commission's test claim number, has been specifically identified  
15    by the Legislature in the Budget Act for the fiscal year as being  
16    one for which reimbursement is not provided for that fiscal year.  
17    For purposes of this paragraph, a mandate shall be considered to  
18    have been specifically identified by the Legislature only if it has  
19    been included within the schedule of reimbursable mandates shown  
20    in the Budget Act and it is specifically identified in the language  
21    of a provision of the item providing the appropriation for mandate  
22    reimbursements.

23    (b) Within 30 days after enactment of the Budget Act, the  
24    Department of Finance shall notify local agencies of any statute  
25    or executive order, or portion thereof, for which operation of the  
26    mandate is suspended because reimbursement is not provided for  
27    that fiscal year pursuant to this section and Section 6 of Article  
28    XIII B of the California Constitution.

29    (c) Notwithstanding any other provision of law, if a local agency  
30    elects to implement or give effect to a statute or executive order  
31    described in subdivision (a), the local agency may assess fees to  
32    persons or entities which benefit from the statute or executive  
33    order. Any fee assessed pursuant to this subdivision shall not  
34    exceed the costs reasonably borne by the local agency.

35    (d) This section shall not apply to any state-mandated local  
36    program for the trial courts, as specified in Section 77203.

37    (e) This section shall not apply to any state-mandated local  
38    program for which the reimbursement funding counts toward the  
39    minimum General Fund requirements of Section 8 of Article XVI  
40    of the Constitution.

1     (f) *All state-mandated local programs suspended in the Budget*  
2 *Act for the 2012–13 fiscal year shall also be suspended in the*  
3 *2013–14 and 2014–15 fiscal years.*

4     SEC. 19. *Section 17617 of the Government Code is amended*  
5 *to read:*

6     17617. The total amount due to each city, county, city and  
7 county, and special district, for which the state has determined that  
8 reimbursement is required under paragraph (2) of subdivision (b)  
9 of Section 6 of Article XIII B of the California Constitution, shall  
10 be appropriated for payment to these entities over a period of not  
11 more than 15 years, commencing with the Budget Act for the  
12 2006–07 fiscal year and concluding with the Budget Act for the  
13 2020–21 fiscal year. *There shall be no appropriation for payment*  
14 *of reimbursement claims submitted pursuant to this section for the*  
15 *2012–13, 2013–14, and 2014–15 fiscal years.*

16     SEC. 20. *Section 19849 of the Government Code is amended*  
17 *to read:*

18     19849. (a) The department shall adopt rules governing hours  
19 of work and overtime compensation and the keeping of records  
20 related thereto, including time and attendance records. Each  
21 appointing power shall administer and enforce such rules.

22     (b) *Notwithstanding any other law, the department shall adopt*  
23 *a plan for the period from July 1, 2012, to June 30, 2013, inclusive,*  
24 *by which all state employees not subject to the Personal Leave*  
25 *Program 2012 (PLP 2012 Program), as described in subdivision*  
26 *(c) of Section 19851, shall be furloughed for one workday per*  
27 *calendar month. The department shall further adopt rules for the*  
28 *implementation, administration, and enforcement of this furlough*  
29 *plan. This subdivision shall not apply to retired annuitants or to*  
30 *employees of entities listed in Section 3.90 of the Budget Act of*  
31 *2012.*

32     ~~(b) If~~

33     (c) *Except as provided in subdivision (b), if the provisions of*  
34 *this section are in conflict with the provisions of a memorandum*  
35 *of understanding reached pursuant to Section 3517.5, the*  
36 *memorandum of understanding shall be controlling without further*  
37 *legislative action, except that if such provisions of a memorandum*  
38 *of understanding require the expenditure of funds, the provisions*  
39 *shall not become effective unless approved by the Legislature in*  
40 *the annual Budget Act.*

1     *SEC. 21. Section 19851 of the Government Code is amended*  
2     *to read:*

3     19851. (a) It is the policy of the state, *except during the*  
4     *operation of subdivision (c)*, that the workweek of the state  
5     employee shall be 40 hours, and the workday of state employees  
6     eight hours, except that workweeks and workdays of a different  
7     number of hours may be established in order to meet the varying  
8     needs of the different state agencies. It is the policy of the state to  
9     avoid the necessity for overtime work whenever possible. This  
10    policy does not restrict the extension of regular working-hour  
11    schedules on an overtime basis in those activities and agencies  
12    where it is necessary to carry on the state business properly during  
13    a manpower shortage.

14    (b) If the provisions of this section are in conflict with the  
15    provisions of a memorandum of understanding reached pursuant  
16    to Section 3517.5, the memorandum of understanding shall be  
17    controlling without further legislative action, except that if the  
18    provisions of a memorandum of understanding require the  
19    expenditure of funds, the provisions shall not become effective  
20    unless approved by the Legislature in the annual Budget Act.

21    (c) *Notwithstanding any other law, for the period from July 1,*  
22    *2012, to June 30, 2013, inclusive, a state employee shall participate*  
23    *in the Personal Leave Program 2012 (PLP 2012 Program), either*  
24    *as required by an applicable memorandum of understanding*  
25    *reached pursuant to Section 3517.5 or by the direction of the*  
26    *department for excluded employees. Under the PLP 2012 Program,*  
27    *each employee shall receive a reduction in pay not greater than*  
28    *5 percent. In exchange for this reduction in pay, each employee*  
29    *shall receive eight hours of PLP 2012 Program leave credits on*  
30    *the first day of each monthly pay period. This subdivision shall*  
31    *not apply to retired annuitants or to employees of entities listed*  
32    *in Section 3.90 of the Budget Act of 2012.*

33    *SEC. 22. Section 50087 of the Government Code is repealed.*

34    ~~50087. Every city, county, or city and county which has at least~~  
35    ~~5,000 residents or in which 5 percent of the population is of~~  
36    ~~Filipino ancestry or ethnic origin, according to the last federal~~  
37    ~~census, and which conducts any survey as to the ancestry or ethnic~~  
38    ~~origin of its employees, or which maintains any statistical~~  
39    ~~tabulation of minority group employees, shall categorize employees~~

1 ~~whose ancestry or ethnic origin is Filipino as Filipinos in such~~  
2 ~~survey or tabulation.~~

3 SEC. 23. Section 51298 of the Government Code is amended  
4 to read:

5 51298. It is the intent of the Legislature in enacting this chapter  
6 to provide local governments with opportunities to attract *either*  
7 large manufacturing *or research and development* facilities to  
8 invest in their communities and to encourage industries, such as  
9 high technology, aerospace, automotive, biotechnology, software,  
10 environmental sources, and others, to locate and invest in those  
11 facilities in California.

12 (a) Commencing in the 1998–99 fiscal year, the governing body  
13 of a county, city and county, or city, may, by means of an ordinance  
14 or resolution approved by a majority of its entire membership,  
15 elect to establish a capital investment incentive program. In any  
16 county, city and county, or city in which the governing body has  
17 so elected, the county, city and county, or city shall, upon the  
18 approval by a majority of the entire membership of its governing  
19 body of a written request therefor, pay a capital investment  
20 incentive amount to the proponent of a qualified manufacturing  
21 *facility or a qualified research and development* facility for up to  
22 15 consecutive fiscal years. A request for the payment of capital  
23 investment incentive amounts shall be filed by a proponent in  
24 writing with the governing body of an electing county, city and  
25 county, or city in the time and manner specified in procedures  
26 adopted by that governing body. In the case in which the governing  
27 body of an electing county, city and county, or city approves a  
28 request for the payment of capital investment incentive amounts,  
29 both of the following conditions shall apply:

30 (1) The consecutive fiscal years during which a capital  
31 investment incentive amount is to be paid shall commence with  
32 the first fiscal year commencing after the date upon which the  
33 qualified manufacturing *facility or the qualified research and*  
34 *development* facility is certified for occupancy or, if no certification  
35 is issued, the first fiscal year commencing after the date upon which  
36 the qualified manufacturing *facility or the qualified research and*  
37 *development facility* commences operation.

38 (2) In accordance with paragraph (4) of subdivision (d), the  
39 annual payment to a proponent of each capital investment incentive

1 amount shall be contingent upon the proponent's payment of a  
2 community services fee.

3 (b) For purposes of this section:

4 (1) "Qualified manufacturing facility" means a proposed  
5 manufacturing facility that meets all of the following criteria:

6 (A) The proponent's initial investment in that facility, in real  
7 and personal property, necessary for the full and normal operation  
8 of that facility, made pursuant to the capital investment incentive  
9 program, that comprises any portion of that facility or has its situs  
10 at that facility, exceeds ~~one~~ two hundred fifty million dollars  
11 (\$150,000,000) (\$250,000,000). Compliance with this subparagraph  
12 shall be certified by the ~~Business, Transportation and Housing~~  
13 ~~Agency~~ Governor's Office of Business and Economic Development  
14 upon the ~~agency's~~ director's approval of a proponent's application  
15 for certification of a qualified manufacturing facility. An  
16 application for certification shall be submitted by a proponent to  
17 the ~~agency~~ Governor's Office of Business and Economic  
18 Development in writing in the time and manner as specified by the  
19 ~~agency~~ director.

20 (B) The facility is to be located within the jurisdiction of the  
21 electing county, city and county, or city to which the request is  
22 made for payment of capital investment incentive amounts.

23 (C) The facility is operated by any of the following:

24 (i) A business described in Codes 3500 to 3899, inclusive, of  
25 the Standard Industrial Classification (SIC) Manual published by  
26 the United States Office of Management and Budget, 1987 edition,  
27 except that "January 1, 1997," shall be substituted for "January 1,  
28 1994," in each place in which it appears.

29 (ii) A business engaged in the recovery of minerals from  
30 geothermal resources, including the proportional amount of a  
31 geothermal electric generating plant that is integral to the recovery  
32 process by providing electricity for it.

33 (iii) A business engaged in the manufacturing of parts or  
34 components related to the production of electricity using solar,  
35 wind, biomass, hydropower, or geothermal resources on or after  
36 July 1, 2010.

37 (D) The proponent is ~~either~~ currently engaged in *any of the*  
38 *following: (i) commercial production or engaged in, (ii) the*  
39 *perfection of the manufacturing process, or (iii) the perfection of*  
40 *a product intended to be manufactured.*

1 (2) “*Qualified research and development facility*” means a  
2 proposed research and development facility that meets all of the  
3 following criteria:

4 (A) *The proponent’s initial investment in that facility, in real*  
5 *and personal property, necessary for the full and normal operation*  
6 *of that facility, made pursuant to the capital investment incentive*  
7 *program, that comprises any portion of that facility or has its situs*  
8 *at that facility, exceeds two hundred fifty million dollars*  
9 *(\$250,000,000). Compliance with this subparagraph shall be*  
10 *certified by the Governor’s Office of Business and Economic*  
11 *Development upon the director’s approval of a proponent’s*  
12 *application for certification of a qualified research and*  
13 *development facility. An application for certification shall be*  
14 *submitted by a proponent to the Governor’s Office of Business*  
15 *and Economic Development in writing in the time and manner*  
16 *specified by the director.*

17 (B) *The facility is to be located within the jurisdiction of the*  
18 *electing county, city and county, or city to which the request is*  
19 *made for payment of capital investment incentive amounts.*

20 (C) *The facility is operated by a business described in Code*  
21 *7371, 7373, or 8711 of the Standard Industrial Classification (SIC)*  
22 *Manual published by the United States Office of Management and*  
23 *Budget, 1987 edition, except that “January 1, 1997,” shall be*  
24 *substituted for “January 1, 1994,” in each place in which it*  
25 *appears.*

26 (D) *The proponent is currently engaged in research and*  
27 *development.*

28 (2)

29 (3) “Proponent” means a party or parties that meet all of the  
30 following criteria:

31 (A) The party is named in the application to the county, city  
32 and county, or city within which the qualified manufacturing  
33 *facility or the qualified research and development* facility would  
34 be located for a permit to construct a qualified manufacturing  
35 *facility or a qualified research and development* facility.

36 (B) The party will be the fee owner of the qualified  
37 *manufacturing facility or the qualified research and development*  
38 *facility upon the completion of that facility. Notwithstanding the*  
39 *previous sentence, the party may enter into a sale-leaseback*  
40 *transaction and nevertheless be considered the proponent.*

(C) If a proponent that is receiving capital investment incentive amounts subsequently leases the subject qualified manufacturing *facility or qualified research and development* facility to another party, the lease may provide for the payment to that lessee of any portion of a capital investment incentive amount. Any lessee receiving any portion of a capital investment incentive amount shall also be considered a proponent for the purposes of subdivision (d).

~~(3)~~

(4) “Capital investment incentive amount” means, with respect to a qualified manufacturing *facility or a qualified research and development* facility for a relevant fiscal year, an amount up to or equal to the amount of ad valorem property tax revenue derived by the participating local agency from the taxation of that portion of the total assessed value of that real and personal property described in subparagraph (A) of paragraph (1) *or subparagraph (A) of paragraph (2)* that is in excess of ~~one hundred fifty~~ *twenty-five* million dollars ~~(\$150,000,000)~~ *(\$25,000,000)*.

(5) “*Development*” means a systematic application of knowledge or understanding, directed toward the production of useful materials, devices, and systems or methods, including design, development, and improvement of prototypes and new processes to meet specific requirements.

~~(4)~~

(6) “Manufacturing” means the activity of converting or conditioning property by changing the form, composition, quality, or character of the property for ultimate sale at retail or use in the manufacturing of a product to be ultimately sold at retail. Manufacturing includes any improvements to tangible personal property that result in a greater service life or greater functionality than that of the original property.

(7) “*Research*” means either basic research or applied research.

(A) “*Applied research*” means a systematic study to gain knowledge or understanding necessary to determine the means by which a recognized and specific need may be met.

(B) “*Basic research*” means a systematic study directed toward fuller knowledge or understanding of the fundamental aspects of phenomena and of observable facts without specific applications toward processes or products in mind.



(c) A city or special district may, upon the approval by a majority of the entire membership of its governing body, pay to the county, city and county, or city an amount equal to the amount of ad valorem property tax revenue allocated to that city or special district, but not the actual allocation, derived from the taxation of that portion of the total assessed value of that real and personal property described in subparagraph (A) of paragraph (1) of subdivision (b) *or subparagraph (A) of paragraph (2) of subdivision (b)* that is in excess of ~~one hundred fifty~~ *twenty-five* million dollars ~~(\$150,000,000)~~ *(\$25,000,000)*.

(d) A proponent whose request for the payment of capital investment incentive amounts is approved by an electing county, city and county, or city shall enter into a community services agreement with that county, city and county, or city that includes, but is not limited to, all of the following provisions:

(1) A provision requiring that a community services fee be remitted by the proponent to the county, city and county, or city, in each fiscal year ~~subject to the agreement~~, in an amount that is equal to 25 percent of the capital investment incentive amount calculated for that proponent for that fiscal year, except that in no fiscal year shall the amount of the community services fee exceed two million dollars (\$2,000,000).

(2) A provision specifying the dates in each relevant fiscal year upon which payment of the community services fee is due and delinquent, and the rate of interest to be charged to a proponent for any delinquent portion of the community services fee amount.

(3) A provision specifying the procedures and rules for the determination of underpayments or overpayments of a community services fee, for the appeal of determinations of any underpayment, and for the refunding or crediting of any overpayment.

(4) A provision specifying that a proponent is ineligible to receive a capital investment incentive amount if that proponent is currently delinquent in the payment of any portion of a community services fee amount, if the qualified manufacturing *facility or the qualified research and development* facility is constructed in a manner materially different from the facility as described in building permit application materials, or if the facility is no longer operated as a qualified manufacturing *facility or a qualified research and development* facility meeting the requirements of paragraph (1) *or* (2) of subdivision (b), *as applicable*. If a

1 proponent becomes ineligible to receive a capital investment  
2 incentive amount as a result of an agreement provision included  
3 pursuant to this subparagraph, the running of the number of  
4 consecutive fiscal years specified in an agreement made pursuant  
5 to subdivision (a) is not tolled during the period in which the  
6 proponent is ineligible.

7 (5) A provision that sets forth a job creation plan with respect  
8 to the relevant qualified manufacturing *facility or the qualified*  
9 *research and development* facility. The plan shall specify the  
10 number of jobs to be created by that facility, and the types of jobs  
11 and compensation ranges to be created thereby. The plan shall also  
12 specify that for the entire term of the community services  
13 agreement, both of the following shall apply:

14 (A) All of the employees working at the qualified manufacturing  
15 *facility or the qualified research and development* facility shall be  
16 covered by an employer-sponsored health benefits plan.

17 (B) The average weekly wage, exclusive of overtime, paid to  
18 all of the employees working at the qualified manufacturing *facility*  
19 *or the qualified research and development* facility, who are not  
20 management or supervisory employees, shall be not less than the  
21 state average weekly wage.

22 For the purpose of this subdivision, “state average weekly wage”  
23 means the average weekly wage paid by employers to employees  
24 covered by unemployment insurance, as reported to the  
25 Employment Development Department for the four calendar  
26 quarters ending June 30 of the preceding calendar year.

27 (6) (A) In the case in which the proponent fails to operate the  
28 qualified manufacturing *facility or the qualified research and*  
29 *development* facility as required by the community services  
30 agreement, a provision that requires the recapture of any portion  
31 of any capital investment incentive amounts previously paid to the  
32 proponent equal to the lesser of the following:

33 (i) All of the capital investment incentive amounts paid to the  
34 proponent, less all of the community services fees received from  
35 the proponent, and less any capital investment incentive amounts  
36 previously recaptured.

37 (ii) The last capital investment incentive amount paid to the  
38 proponent, less the last community services fee received from the  
39 proponent, multiplied by 40 percent of the number of years  
40 remaining in the community services agreement, but not to exceed

1 10 years, and less any capital investment incentive amounts  
2 previously recaptured.

3 (B) If the proponent fails to operate the qualified manufacturing  
4 *facility or the qualified research and development* facility as  
5 required by the community services agreement, the county, city  
6 and county, or city may, upon a finding that good cause exists,  
7 waive any portion of the recapture of any capital investment  
8 incentive amount due under this subdivision. For the purpose of  
9 this subdivision, good cause includes, but is not limited to, the  
10 following:

11 (i) The proponent has sold or leased the property to a person  
12 who has entered into an agreement with the county, city and  
13 county, or city to assume all of the responsibilities of the proponent  
14 under the community services agreement.

15 (ii) The qualified manufacturing *facility or the qualified research*  
16 *and development* facility has been rendered inoperable and beyond  
17 repair as a result of an act of God.

18 (C) For purposes of this subdivision, failure to operate a  
19 qualified manufacturing *facility or a qualified research and*  
20 *development* facility as required by the community services  
21 agreement includes, but is not limited to, failure to establish the  
22 number of jobs specified in the jobs creation plan created pursuant  
23 to paragraph (5).

24 (e) (1) Each county, city and county, or city that elects to  
25 establish a capital investment incentive program shall notify the  
26 ~~Business, Transportation and Housing Agency~~ *Governor's Office*  
27 *of Business and Economic Development* of its election to do so no  
28 later than June-30<sup>th</sup> 30 of the fiscal year in which the election was  
29 made.

30 (2) In addition to the information required to be reported  
31 pursuant to paragraph (1), each county, city and county, or city  
32 that has elected to establish a capital investment incentive program  
33 shall notify the ~~Business, Transportation and Housing Agency~~  
34 *Governor's Office of Business and Economic Development* each  
35 fiscal year no later than June-30<sup>th</sup> 30 of the amount of any capital  
36 investment incentive payments made and the proponent of the  
37 qualified manufacturing *facility or the qualified research and*  
38 *development* facility to whom the payments were made during that  
39 fiscal year.

(3) ~~The Business, Transportation and Housing Agency Governor's Office of Business and Economic Development~~ shall compile the information submitted by each county, city and county, and city pursuant to paragraphs (1) and (2) and submit a report to the Legislature containing this information no later than October 1, every two years commencing October 1, 2000.

(f) *This section is repealed on June 30, 2013.*

SEC. 24. *Section 51298 is added to the Government Code, to read:*

51298. *It is the intent of the Legislature in enacting this chapter to provide local governments with opportunities to attract large manufacturing facilities to invest in their communities and to encourage industries, such as high technology, aerospace, automotive, biotechnology, software, environmental sources, and others, to locate and invest in those facilities in California.*

(a) *Commencing in the 1998–99 fiscal year, the governing body of a county, city and county, or city, may, by means of an ordinance or resolution approved by a majority of its entire membership, elect to establish a capital investment incentive program. In any county, city and county, or city in which the governing body has so elected, the county, city and county, or city shall, upon the approval by a majority of the entire membership of its governing body of a written request therefor, pay a capital investment incentive amount to the proponent of a qualified manufacturing facility for up to 15 consecutive fiscal years. A request for the payment of capital investment incentive amounts shall be filed by a proponent in writing with the governing body of an electing county, city and county, or city in the time and manner specified in procedures adopted by that governing body. In the case in which the governing body of an electing county, city and county, or city approves a request for the payment of capital investment incentive amounts, both of the following conditions shall apply:*

(1) *The consecutive fiscal years during which a capital investment incentive amount is to be paid shall commence with the first fiscal year commencing after the date upon which the qualified manufacturing facility is certified for occupancy or, if no certification is issued, the first fiscal year commencing after the date upon which the qualified manufacturing facility commences operation.*

1     (2) *In accordance with paragraph (4) of subdivision (d), the*  
2 *annual payment to a proponent of each capital investment incentive*  
3 *amount shall be contingent upon the proponent's payment of a*  
4 *community services fee.*

5     (b) *For purposes of this section:*

6     (1) *"Qualified manufacturing facility" means a proposed*  
7 *manufacturing facility that meets all of the following criteria:*

8     (A) *The proponent's initial investment in that facility, in real*  
9 *and personal property, necessary for the full and normal operation*  
10 *of that facility, made pursuant to the capital investment incentive*  
11 *program, that comprises any portion of that facility or has its situs*  
12 *at that facility, exceeds one hundred fifty million dollars*  
13 *(\$150,000,000). Compliance with this subparagraph shall be*  
14 *certified by the Business, Transportation and Housing Agency*  
15 *upon the agency's approval of a proponent's application for*  
16 *certification of a qualified manufacturing facility. An application*  
17 *for certification shall be submitted by a proponent to the agency*  
18 *in writing in the time and manner as specified by the agency.*

19     (B) *The facility is to be located within the jurisdiction of the*  
20 *electing county, city and county, or city to which the request is*  
21 *made for payment of capital investment incentive amounts.*

22     (C) *The facility is operated by any of the following:*

23     (i) *A business described in Codes 3500 to 3899, inclusive, of*  
24 *the Standard Industrial Classification (SIC) Manual published by*  
25 *the United States Office of Management and Budget, 1987 edition,*  
26 *except that "January 1, 1997," shall be substituted for "January*  
27 *1, 1994," in each place in which it appears.*

28     (ii) *A business engaged in the recovery of minerals from*  
29 *geothermal resources, including the proportional amount of a*  
30 *geothermal electric generating plant that is integral to the recovery*  
31 *process by providing electricity for it.*

32     (iii) *A business engaged in the manufacturing of parts or*  
33 *components related to the production of electricity using solar,*  
34 *wind, biomass, hydropower, or geothermal resources on or after*  
35 *July 1, 2010.*

36     (D) *The proponent is either currently engaged in commercial*  
37 *production or engaged in the perfection of the manufacturing*  
38 *process, or the perfection of a product intended to be*  
39 *manufactured.*

1 (2) “Proponent” means a party or parties that meet all of the  
2 following criteria:

3 (A) The party is named in the application to the county, city and  
4 county, or city within which the qualified manufacturing facility  
5 would be located for a permit to construct a qualified  
6 manufacturing facility.

7 (B) The party will be the fee owner of the qualified  
8 manufacturing facility upon the completion of that facility.  
9 Notwithstanding the previous sentence, the party may enter into  
10 a sale-leaseback transaction and nevertheless be considered the  
11 proponent.

12 (C) If a proponent that is receiving capital investment incentive  
13 amounts subsequently leases the subject qualified manufacturing  
14 facility to another party, the lease may provide for the payment to  
15 that lessee of any portion of a capital investment incentive amount.  
16 Any lessee receiving any portion of a capital investment incentive  
17 amount shall also be considered a proponent for the purposes of  
18 subdivision (d).

19 (3) “Capital investment incentive amount” means, with respect  
20 to a qualified manufacturing facility for a relevant fiscal year, an  
21 amount up to or equal to the amount of ad valorem property tax  
22 revenue derived by the participating local agency from the taxation  
23 of that portion of the total assessed value of that real and personal  
24 property described in subparagraph (A) of paragraph (1) that is  
25 in excess of one hundred fifty million dollars (\$150,000,000).

26 (4) “Manufacturing” means the activity of converting or  
27 conditioning property by changing the form, composition, quality,  
28 or character of the property for ultimate sale at retail or use in  
29 the manufacturing of a product to be ultimately sold at retail.  
30 Manufacturing includes any improvements to tangible personal  
31 property that result in a greater service life or greater functionality  
32 than that of the original property.

33 (c) A city or special district may, upon the approval by a  
34 majority of the entire membership of its governing body, pay to  
35 the county, city and county, or city an amount equal to the amount  
36 of ad valorem property tax revenue allocated to that city or special  
37 district, but not the actual allocation, derived from the taxation of  
38 that portion of the total assessed value of that real and personal  
39 property described in subparagraph (A) of paragraph (1) of

1 *subdivision (b) that is in excess of one hundred fifty million dollars*  
2 *(\$150,000,000).*

3 *(d) A proponent whose request for the payment of capital*  
4 *investment incentive amounts is approved by an electing county,*  
5 *city and county, or city shall enter into a community services*  
6 *agreement with that county, city and county, or city that includes,*  
7 *but is not limited to, all of the following provisions:*

8 *(1) A provision requiring that a community services fee be*  
9 *remitted by the proponent to the county, city and county, or city,*  
10 *in each fiscal year subject to the agreement, in an amount that is*  
11 *equal to 25 percent of the capital investment incentive amount*  
12 *calculated for that proponent for that fiscal year, except that in*  
13 *no fiscal year shall the amount of the community services fee*  
14 *exceed two million dollars (\$2,000,000).*

15 *(2) A provision specifying the dates in each relevant fiscal year*  
16 *upon which payment of the community services fee is due and*  
17 *delinquent, and the rate of interest to be charged to a proponent*  
18 *for any delinquent portion of the community services fee amount.*

19 *(3) A provision specifying the procedures and rules for the*  
20 *determination of underpayments or overpayments of a community*  
21 *services fee, for the appeal of determinations of any underpayment,*  
22 *and for the refunding or crediting of any overpayment.*

23 *(4) A provision specifying that a proponent is ineligible to*  
24 *receive a capital investment incentive amount if that proponent is*  
25 *currently delinquent in the payment of any portion of a community*  
26 *services fee amount, if the qualified manufacturing facility is*  
27 *constructed in a manner materially different from the facility as*  
28 *described in building permit application materials, or if the facility*  
29 *is no longer operated as a qualified manufacturing facility meeting*  
30 *the requirements of paragraph (1) of subdivision (b). If a proponent*  
31 *becomes ineligible to receive a capital investment incentive amount*  
32 *as a result of an agreement provision included pursuant to this*  
33 *subparagraph, the running of the number of consecutive fiscal*  
34 *years specified in an agreement made pursuant to subdivision (a)*  
35 *is not tolled during the period in which the proponent is ineligible.*

36 *(5) A provision that sets forth a job creation plan with respect*  
37 *to the relevant qualified manufacturing facility. The plan shall*  
38 *specify the number of jobs to be created by that facility, and the*  
39 *types of jobs and compensation ranges to be created thereby. The*

1 *plan shall also specify that for the entire term of the community*  
2 *services agreement, both of the following shall apply:*

3 *(A) All of the employees working at the qualified manufacturing*  
4 *facility shall be covered by an employer-sponsored health benefits*  
5 *plan.*

6 *(B) The average weekly wage, exclusive of overtime, paid to all*  
7 *of the employees working at the qualified manufacturing facility,*  
8 *who are not management or supervisory employees, shall be not*  
9 *less than the state average weekly wage.*

10 *For the purpose of this subdivision, “state average weekly wage”*  
11 *means the average weekly wage paid by employers to employees*  
12 *covered by unemployment insurance, as reported to the*  
13 *Employment Development Department for the four calendar*  
14 *quarters ending June 30 of the preceding calendar year.*

15 *(6) (A) In the case in which the proponent fails to operate the*  
16 *qualified manufacturing facility as required by the community*  
17 *services agreement, a provision that requires the recapture of any*  
18 *portion of any capital investment incentive amounts previously*  
19 *paid to the proponent equal to the lesser of the following:*

20 *(i) All of the capital investment incentive amounts paid to the*  
21 *proponent, less all of the community services fees received from*  
22 *the proponent, and less any capital investment incentive amounts*  
23 *previously recaptured.*

24 *(ii) The last capital investment incentive amount paid to the*  
25 *proponent, less the last community services fee received from the*  
26 *proponent, multiplied by 40 percent of the number of years*  
27 *remaining in the community services agreement, but not to exceed*  
28 *10 years, and less any capital investment incentive amounts*  
29 *previously recaptured.*

30 *(B) If the proponent fails to operate the qualified manufacturing*  
31 *facility as required by the community services agreement, the*  
32 *county, city and county, or city may, upon a finding that good*  
33 *cause exists, waive any portion of the recapture of any capital*  
34 *investment incentive amount due under this subdivision. For the*  
35 *purpose of this subdivision, good cause includes, but is not limited*  
36 *to, the following:*

37 *(i) The proponent has sold or leased the property to a person*  
38 *who has entered into an agreement with the county, city and*  
39 *county, or city to assume all of the responsibilities of the proponent*  
40 *under the community services agreement.*



1     (ii) *The qualified manufacturing facility has been rendered*  
2 *inoperable and beyond repair as a result of an act of God.*

3     (C) *For purposes of this subdivision, failure to operate a*  
4 *qualified manufacturing facility as required by the community*  
5 *services agreement includes, but is not limited to, failure to*  
6 *establish the number of jobs specified in the jobs creation plan*  
7 *created pursuant to paragraph (5).*

8     (e) (1) *Each county, city and county, or city that elects to*  
9 *establish a capital investment incentive program shall notify the*  
10 *Business, Transportation and Housing Agency of its election to*  
11 *do so no later than June 30th of the fiscal year in which the election*  
12 *was made.*

13     (2) *In addition to the information required to be reported*  
14 *pursuant to paragraph (1), each county, city and county, or city*  
15 *that has elected to establish a capital investment incentive program*  
16 *shall notify the Business, Transportation and Housing Agency*  
17 *each fiscal year no later than June 30th of the amount of any*  
18 *capital investment incentive payments made and the proponent of*  
19 *the qualified manufacturing facility to whom the payments were*  
20 *made during that fiscal year.*

21     (3) *The Business, Transportation and Housing Agency shall*  
22 *compile the information submitted by each county, city and county,*  
23 *and city pursuant to paragraphs (1) and (2) and submit a report*  
24 *to the Legislature containing this information no later than October*  
25 *1, every two years commencing October 1, 2000.*

26     (f) *This section shall become operative on July 1, 2013.*

27     SEC. 25. *Section 76104.7 of the Government Code is amended*  
28 *to read:*

29     76104.7. (a) *Except as otherwise provided in this section, in*  
30 *addition to the penalty levied pursuant to Section 76104.6, there*  
31 *shall be levied an additional state-only penalty of ~~three~~ four dollars*  
32 *(~~\$3~~) (\$4) for every ten dollars (\$10), or part of ten dollars (\$10),*  
33 *in each county upon every fine, penalty, or forfeiture imposed and*  
34 *collected by the courts for all criminal offenses, including all*  
35 *offenses involving a violation of the Vehicle Code or any local*  
36 *ordinance adopted pursuant to the Vehicle Code.*

37     (b) *This additional penalty shall be collected together with, and*  
38 *in the same manner as, the amounts established by Section 1464*  
39 *of the Penal Code. These moneys shall be taken from fines and*  
40 *forfeitures deposited with the county treasurer prior to any division*

1 pursuant to Section 1463 of the Penal Code. These funds shall be  
2 deposited into the county treasury DNA Identification Fund. One  
3 hundred percent of these funds, including any interest earned  
4 thereon, shall be transferred to the state Controller at the same time  
5 that moneys are transferred pursuant to paragraph (2) of subdivision  
6 (b) of Section 76104.6, for deposit into the state's DNA  
7 Identification Fund. These funds shall be used to fund the  
8 operations of the Department of Justice forensic laboratories,  
9 including the operation of the DNA Fingerprint, Unsolved Crime  
10 and Innocence Protection Act, and to facilitate compliance with  
11 the requirements of subdivision (e) of Section 299.5 of the Penal  
12 Code.

13 (c) This additional penalty does not apply to the following:

14 (1) Any restitution fine.

15 (2) Any penalty authorized by Section 1464 of the Penal Code  
16 or this chapter.

17 (3) Any parking offense subject to Article 3 (commencing with  
18 Section 40200) of Chapter 1 of Division 17 of the Vehicle Code.

19 (4) The state surcharge authorized by Section 1465.7 of the  
20 Penal Code.

21 (d) The fees collected pursuant to this section shall not be subject  
22 to subdivision (e) of Section 1203.1d of the Penal Code, but shall  
23 be disbursed under paragraph (3) of subdivision (b) of Section  
24 1203.1d of the Penal Code.

25 *SEC. 26. Section 11873 of the Insurance Code is amended to*  
26 *read:*

27 11873. (a) Except as provided by subdivision (b), the fund  
28 shall not be subject to the provisions of the Government Code  
29 made applicable to state agencies generally or collectively, unless  
30 the section specifically names the fund as an agency to which the  
31 provision applies.

32 (b) The fund shall be subject to the provisions of Chapter 10.3  
33 (commencing with Section 3512) of Division 4 of Title 1 of,  
34 Chapter 3.5 (commencing with Section 6250) of Division 7 of  
35 Title 1 of, Chapter 6.5 (commencing with Section 8543) of Division  
36 1 of Title 2 of, Article 9 (commencing with Section 11120) of  
37 Chapter 1 of Part 1 of Division 3 of Title 2 of, the Government  
38 Code, and Division 5 (commencing with Section 18000) of Title  
39 2 of the Government Code, with the exception of all of the  
40 following provisions of that division:

1 (1) Article 1 (commencing with Section 19820) and Article 2  
2 (commencing with Section 19823) of Chapter 2 of Part 2.6 of  
3 Division 5.

4 (2) Sections 19849.2, 19849.3, 19849.4, and 19849.5.

5 (3) Chapter 4.5 (commencing with Section 19993.1) of Part 2.6  
6 of Division 5.

7 (c) ~~Notwithstanding~~ *Except as provided in subdivisions (d) and*  
8 *(e) for the period from July 1, 2012, to June 30, 2013, inclusive,*  
9 *and notwithstanding any provision of the Government Code or*  
10 *any other provision of law, the positions funded by the State*  
11 *Compensation Insurance Fund are exempt from any hiring freezes*  
12 *and staff cutbacks otherwise required by law. This subdivision is*  
13 *declaratory of existing law.*

14 (d) *Notwithstanding any other law, employees of the fund shall,*  
15 *without limitation, be subject to any and all reductions in state*  
16 *employee compensation imposed by the Legislature on other state*  
17 *employees for the period from July 1, 2012, to June 30, 2013,*  
18 *inclusive, regardless of the means adopted to effect those*  
19 *reductions.*

20 (e) *With the exception of the reductions authorized in subdivision*  
21 *(d), if any provision of this section, or any practice or procedure*  
22 *adopted pursuant to this section, is in conflict with the provisions*  
23 *of a memorandum of understanding reached pursuant to Section*  
24 *3517.5 of the Government Code, the memorandum of*  
25 *understanding shall be controlling without further legislative*  
26 *action, except that if the provisions of a memorandum of*  
27 *understanding require the expenditure of funds, the provisions*  
28 *shall not become effective unless approved by the Legislature in*  
29 *the annual Budget Act.*

30 SEC. 27. *Section 62.9 of the Labor Code is amended to read:*

31 62.9. (a) (1) The director shall levy and collect assessments  
32 from employers in accordance with this section. The total amount  
33 of the assessment collected shall be the amount determined by the  
34 director to be necessary to produce the revenue sufficient to fund  
35 the programs specified by Section 62.7, except that the amount  
36 assessed in any year for those purposes shall not exceed 50 percent  
37 of the amounts appropriated from the General Fund for the support  
38 of the occupational safety and health program for the 1993–94  
39 fiscal year, adjusted for inflation. The director also shall include  
40 in the total assessment amount the department's costs for

1 administering the assessment, including the collections process  
2 and the cost of reimbursing the ~~Franchise Tax Board~~ *Employment*  
3 *Development Department* or another agency or department for its  
4 cost of collection activities pursuant to subdivision (c).

5 (2) The insured employers and private sector self-insured  
6 employers that, pursuant to subdivision (b), are subject to  
7 assessment shall be assessed, respectively, on the basis of their  
8 annual payroll subject to premium charges or their annual payroll  
9 that would be subject to premium charges if the employer were  
10 insured, as follows:

11 (A) An employer with a payroll of less than two hundred fifty  
12 thousand dollars (\$250,000) shall be assessed one hundred dollars  
13 (\$100).

14 (B) An employer with a payroll of two hundred fifty thousand  
15 dollars (\$250,000) or more, but not more than five hundred  
16 thousand dollars (\$500,000), shall be assessed two hundred dollars  
17 (\$200).

18 (C) An employer with a payroll of more than five hundred  
19 thousand dollars (\$500,000), but not more than seven hundred fifty  
20 thousand dollars (\$750,000), shall be assessed four hundred dollars  
21 (\$400).

22 (D) An employer with a payroll of more than seven hundred  
23 fifty thousand dollars (\$750,000), but not more than one million  
24 dollars (\$1,000,000), shall be assessed six hundred dollars (\$600).

25 (E) An employer with a payroll of more than one million dollars  
26 (\$1,000,000), but not more than one million five hundred thousand  
27 dollars (\$1,500,000), shall be assessed eight hundred dollars (\$800).

28 (F) An employer with a payroll of more than one million five  
29 hundred thousand dollars (\$1,500,000), but not more than two  
30 million dollars (\$2,000,000), shall be assessed one thousand dollars  
31 (\$1,000).

32 (G) An employer with a payroll of more than two million dollars  
33 (\$2,000,000), but not more than two million five hundred thousand  
34 dollars (\$2,500,000), shall be assessed one thousand five hundred  
35 dollars (\$1,500).

36 (H) An employer with a payroll of more than two million five  
37 hundred thousand dollars (\$2,500,000), but not more than three  
38 million five hundred thousand dollars (\$3,500,000), shall be  
39 assessed two thousand dollars (\$2,000).

1 (I) An employer with a payroll of more than three million five  
2 hundred thousand dollars (\$3,500,000), but not more than four  
3 million five hundred thousand dollars (\$4,500,000), shall be  
4 assessed two thousand five hundred dollars (\$2,500).

5 (J) An employer with a payroll of more than four million five  
6 hundred thousand dollars (\$4,500,000), but not more than five  
7 million five hundred thousand dollars (\$5,500,000), shall be  
8 assessed three thousand dollars (\$3,000).

9 (K) An employer with a payroll of more than five million five  
10 hundred thousand dollars (\$5,500,000), but not more than seven  
11 million dollars (\$7,000,000), shall be assessed three thousand five  
12 hundred dollars (\$3,500).

13 (L) An employer with a payroll of more than seven million  
14 dollars (\$7,000,000), but not more than twenty million dollars  
15 (\$20,000,000), shall be assessed six thousand seven hundred dollars  
16 (\$6,700).

17 (M) An employer with a payroll of more than twenty million  
18 dollars (\$20,000,000) shall be assessed ten thousand dollars  
19 (\$10,000).

20 (b) (1) In the manner as specified by this section, the director  
21 shall identify those insured employers having a workers'  
22 compensation experience modification rating of 1.25 or more, and  
23 private sector self-insured employers having an equivalent  
24 experience modification rating of 1.25 or more as determined  
25 pursuant to subdivision (e).

26 (2) The assessment required by this section shall be levied  
27 annually, on a calendar year basis, on those insured employers and  
28 private sector self-insured employers, as identified pursuant to  
29 paragraph (1), having the highest workers' compensation  
30 experience modification ratings or equivalent experience  
31 modification ratings, that the director determines to be required  
32 numerically to produce the total amount of the assessment to be  
33 collected pursuant to subdivision (a).

34 (c) The director shall collect the assessment from insured  
35 employers as follows:

36 (1) Upon the request of the director, the Department of Insurance  
37 shall direct the licensed rating organization designated as the  
38 department's statistical agent to provide to the director, for  
39 purposes of subdivision (b), a list of all insured employers having  
40 a workers' compensation experience rating modification of 1.25

1 or more, according to the organization's records at the time the  
2 list is requested, for policies commencing the year preceding the  
3 year in which the assessment is to be collected.

4 (2) The director shall determine the annual payroll of each  
5 insured employer subject to assessment from the payroll that was  
6 reported to the licensed rating organization identified in paragraph  
7 (1) for the most recent period for which one full year of payroll  
8 information is available for all insured employers.

9 (3) On or before September 1 of each year, the director shall  
10 determine each of the current insured employers subject to  
11 assessment, and the amount of the total assessment for which each  
12 insured employer is liable. The director immediately shall notify  
13 each insured employer, in a format chosen by the insurer, of the  
14 insured's obligation to submit payment of the assessment to the  
15 director within 30 days after the date the billing was mailed, and  
16 warn the insured of the penalties for failure to make timely and  
17 full payment as provided by this subdivision.

18 (4) The director shall identify any insured employers that, within  
19 30 days after the mailing of the billing notice, fail to pay, or object  
20 to, their assessments. The director shall mail to each of these  
21 employers a notice of delinquency and a notice of the intention to  
22 assess penalties, advising that, if the assessment is not paid in full  
23 within 15 days after the mailing of the notices, the director will  
24 levy against the employer a penalty equal to 25 percent of the  
25 employer's assessment, and will refer the assessment and penalty  
26 to the ~~Franchise Tax Board~~ or another agency or department for  
27 collection. The notices required by this paragraph shall be sent by  
28 United States first-class mail.

29 (5) If an assessment is not paid by an insured employer within  
30 15 days after the mailing of the notices required by paragraph (4),  
31 the director shall refer the delinquent assessment and the penalty  
32 to the ~~Franchise Tax Board~~ *Employment Development Department*,  
33 or another agency or department, as deemed appropriate by the  
34 director, for collection pursuant to ~~Section 19290.1 of the Revenue~~  
35 ~~and Taxation Code, or~~ Section 1900 of the Unemployment  
36 Insurance Code.

37 (d) The director shall collect the assessment directly from private  
38 sector self-insured employers. The failure of any private sector  
39 self-insured employer to pay the assessment as billed constitutes

1 grounds for the suspension or termination of the employer's  
2 certificate to self-insure.

3 (e) The director shall adopt regulations implementing this section  
4 that include provision for a method of determining experience  
5 modification ratings for private sector self-insured employers that  
6 is generally equivalent to the modification ratings that apply to  
7 insured employers and is weighted by both severity and frequency.

8 (f) The director shall determine whether the amount collected  
9 pursuant to any assessment exceeds expenditures, as described in  
10 subdivision (a), for the current year and shall credit the amount of  
11 any excess to any deficiency in the prior year's assessment or, if  
12 there is no deficiency, against the assessment for the subsequent  
13 year.

14 *SEC. 28. Section 972.1 of the Military and Veterans Code, as*  
15 *amended by Section 1 of Chapter 183 of the Statutes of 2009, is*  
16 *amended to read:*

17 972.1. (a) The sum of five hundred thousand dollars (\$500,000)  
18 is hereby appropriated from the General Fund to the Department  
19 of Veterans Affairs for allocation, during the 1989–90 fiscal year,  
20 for purposes of funding the activities of county-~~veteran~~ veterans  
21 service-officers offices pursuant to this section. Funds for allocation  
22 in future years shall be as provided in the annual Budget Act.

23 (b) Funds shall be disbursed each fiscal year on a pro rata basis  
24 to counties that have established and maintain a county-~~veteran~~  
25 veterans service-officer office in accordance with the staffing level  
26 and workload of each county-~~veteran~~ veterans service-officer office  
27 under a formula based upon performance that shall be developed  
28 by the Department of Veterans Affairs for these purposes.

29 (1) For the purposes of this section, “workload unit” means a  
30 specific claim activity that is used to allocate subvention funds to  
31 counties, which is approved by the department, and performed by  
32 county veterans service offices.

33 (2) For the purposes of this subdivision, the department, by  
34 June 30, 2013, shall develop a performance-based formula that  
35 will incentivize county veterans service offices to perform workload  
36 units that help veterans access federal compensation and pension  
37 benefits and other benefits, in order to maximize the amount of  
38 federal money received by California veterans.

39 (c) The department shall annually determine the amount of new  
40 or increased monetary benefits paid to eligible veterans by the

1 federal government attributable to the assistance of county ~~veteran~~  
2 ~~veterans service-officers offices~~. The department shall, on or before  
3 January 1 of each year, prepare and transmit its determination for  
4 the preceding fiscal year to the Department of Finance and the  
5 Legislature. The Department of Finance shall review the  
6 department's determination in time to use the information in the  
7 annual Budget Act for the budget of the department for the next  
8 fiscal year.

9 *(d) The department shall conduct a review of the*  
10 *high-performing and low-performing county veterans service*  
11 *offices and based on this review, shall produce a best-practices*  
12 *manual for county veterans service offices by June 30, 2013.*

13 ~~(d)~~  
14 *(e)* (1) The Legislature finds and declares that 50 percent of  
15 the amount annually budgeted for county ~~veteran~~ *veterans service*  
16 ~~officers offices~~ is approximately eleven million dollars  
17 (\$11,000,000). The Legislature further finds and declares that it  
18 is an efficient and reasonable use of state funds to increase the  
19 annual budget for county ~~veteran~~ *veterans service-officers offices*  
20 in an amount not to exceed eleven million dollars (\$11,000,000)  
21 if it is justified by the monetary benefits to the state's veterans  
22 attributable to the effort of these ~~officers offices~~.

23 (2) It is the intent of the Legislature, after reviewing the  
24 department's determination in subdivision (c), to consider an  
25 increase in the annual budget for county ~~veteran~~ *veterans service*  
26 ~~officers offices~~ in an amount not to exceed five million dollars  
27 (\$5,000,000), if the monetary benefits to the state's veterans  
28 attributable to the assistance of county ~~veteran~~ *veterans service*  
29 ~~officers offices~~ justify that increase in the budget.

30 ~~(e)~~  
31 *(f)* This section shall remain in effect only until January 1, 2016,  
32 and as of that date is repealed.

33 *SEC. 29. Section 6611 of the Public Contract Code is amended*  
34 *to read:*

35 6611. (a) Notwithstanding any other provision of law, the  
36 Department of General Services may, relative to contracts for  
37 goods, services, information technology, and telecommunications,  
38 use a negotiation process if the department finds that one or more  
39 of the following conditions exist:



1 (1) The business need or purpose of a procurement or contract  
2 can be further defined as a result of a negotiation process.

3 (2) The business need or purpose of a procurement or contract  
4 is known by the department, but a negotiation process may identify  
5 different types of solutions to fulfill this business need or purpose.

6 (3) The complexity of the purpose or need suggests a bidder's  
7 costs to prepare and develop a solicitation response are extremely  
8 high.

9 (4) The business need or purpose of a procurement or contract  
10 is known by the department, but negotiation is necessary to ensure  
11 that the department is receiving the best value or the most  
12 cost-efficient goods, services, information technology, and  
13 telecommunications.

14 (b) When it is in the best interests of the state, the department  
15 may negotiate amendments to the terms and conditions, including  
16 scope of work, of existing contracts for goods, services, information  
17 technology, and telecommunications, whether or not the original  
18 contract was the result of competition, on behalf of itself or another  
19 state agency.

20 (c) (1) The department shall establish the procedures and  
21 guidelines for the negotiation process described in subdivision (a),  
22 which procedures and guidelines shall include, but not be limited  
23 to, a clear description of the methodology that will be used by the  
24 department to evaluate a bid for the procurement goods, services,  
25 information technology, and telecommunications.

26 (2) The procedures and guidelines described in paragraph (1)  
27 may include provisions that authorize the department to receive  
28 supplemental bids after the initial bids are opened. If the procedures  
29 and guidelines include these provisions, the procedures and  
30 guidelines shall specify the conditions under which supplemental  
31 bids may be received by the department.

32 (d) An unsuccessful bidder shall have no right to protest the  
33 results of the negotiating process undertaken pursuant to this  
34 section. As a remedy, an unsuccessful bidder may file a petition  
35 for a writ of mandate in accordance with Section 1085 of the Code  
36 of Civil Procedure. The venue for the petition for a writ of mandate  
37 shall be Sacramento, California. An action filed pursuant to this  
38 subdivision shall be given preference by the court.

39 (e) (1) *The California Technology Agency may utilize the*  
40 *negotiation process described in subdivisions (a) and (b) for the*

1 *purpose of procuring information technology and*  
2 *telecommunications goods and services on behalf of state*  
3 *departments and information technology projects.*

4 *(2) Nothing in this section shall be interpreted to supersede the*  
5 *department's existing statutory control over procurement processes*  
6 *as dictated in Section 12100.*

7 *(f) On or before January 1, 2013, and annually thereafter, the*  
8 *California Technology Agency and the Department of General*  
9 *Services shall report to the relevant budget subcommittees of each*  
10 *house of the Legislature on the use of subdivision (e) during budget*  
11 *hearings.*

12 *(g) Subdivisions (e) and (f) shall remain in effect only until*  
13 *January 1, 2018, unless an enacted statute deletes or extends that*  
14 *date. Procurements still in the negotiation process pursuant to*  
15 *subdivision (e) on January 1, 2018, shall complete negotiations*  
16 *using that process.*

17 *SEC. 30. Section 8352.3 of the Revenue and Taxation Code is*  
18 *amended to read:*

19 *8352.3. (a) Subject to Sections 8352 and 8352.1, and except*  
20 *as otherwise provided in subdivision (b), all moneys deposited to*  
21 *the credit of the Motor Vehicle Fuel Account attributable to the*  
22 *distribution of motor vehicle fuel for use or used in propelling an*  
23 *aircraft in the state shall be transferred to the Aeronautics Account*  
24 *in the State Transportation Fund, for allocation as follows:*

25 ~~*(a) To pay the refunds authorized by Section 8101.5.*~~

26 ~~*(b)*~~

27 *(1) To pay the pro rata cost of the Controller and the board under*  
28 *subdivisions (b), (c), and (d) of Section 8352.1.*

29 ~~*(e)*~~

30 *(2) To pay for the support of the Department of Transportation,*  
31 *for the administration of the State Aeronautics Act (Division 9*  
32 *(commencing with Section 21001) of the Public Utilities Code).*

33 ~~*(d)*~~

34 *(3) Remaining balance to be available for expenditures in*  
35 *accordance with Sections Section 21602; and 21682 to 21684,*  
36 *inclusive, Article 4 (commencing with Section 21680) of Chapter*  
37 *4 of Part 1 of Division 9 of the Public Utilities Code.*

38 *(b) Commencing July 1, 2012, the revenues attributable to the*  
39 *taxes imposed pursuant to subdivision (b) of Section 7360 and*  
40 *Section 7361.1 and otherwise to be deposited in the Aeronautics*

1 *Account pursuant to subdivision (a) shall instead be transferred*  
2 *to the General Fund. The revenues attributable to the taxes*  
3 *imposed pursuant to subdivision (b) of Section 7360 and Section*  
4 *7361.1 that were deposited in the Aeronautics Account in the*  
5 *2010–11 and 2011–12 fiscal years shall be transferred to the*  
6 *General Fund.*

7 *SEC. 31. Section 8352.4 of the Revenue and Taxation Code is*  
8 *amended to read:*

9 *8352.4. (a) Subject to Sections 8352 and 8352.1, and except*  
10 *as otherwise provided in subdivision (b), there shall be transferred*  
11 *from the money deposited to the credit of the Motor Vehicle Fuel*  
12 *Account to the Harbors and Watercraft Revolving Fund, for*  
13 *expenditure in accordance with Division 1 (commencing with*  
14 *Section 30) of the Harbors and Navigation Code, the sum of six*  
15 *million six hundred thousand dollars (\$6,600,000) per annum,*  
16 *representing the amount of money in the Motor Vehicle Fuel*  
17 *Account attributable to taxes imposed on distributions of motor*  
18 *vehicle fuel used or usable in propelling vessels. The actual amount*  
19 *shall be calculated using the annual reports of registered boats*  
20 *prepared by the Department of Motor Vehicles for the United*  
21 *States Coast Guard and the formula and method of the December*  
22 *1972 report prepared for this purpose and submitted to the*  
23 *Legislature on December 26, 1972, by the Director of*  
24 *Transportation. If the amount transferred during each fiscal year*  
25 *is in excess of the calculated amount, the excess shall be*  
26 *retransferred from the Harbors and Watercraft Revolving Fund to*  
27 *the Motor Vehicle Fuel Account. If the amount transferred is less*  
28 *than the amount calculated, the difference shall be transferred from*  
29 *the Motor Vehicle Fuel Account to the Harbors and Watercraft*  
30 *Revolving Fund. No adjustment shall be made if the computed*  
31 *difference is less than fifty thousand dollars (\$50,000), and the*  
32 *amount shall be adjusted to reflect any temporary or permanent*  
33 *increase or decrease that may be made in the rate under the Motor*  
34 *Vehicle Fuel Tax Law. Payments pursuant to this section shall be*  
35 *made prior to payments pursuant to Section 8352.2.*

36 *(b) Commencing July 1, 2012, the revenues attributable to the*  
37 *taxes imposed pursuant to subdivision (b) of Section 7360 and*  
38 *Section 7361.1 and otherwise to be deposited in the Harbors and*  
39 *Watercraft Revolving Fund pursuant to subdivision (a) shall*  
40 *instead be transferred to the General Fund. The revenues*

1 *attributable to the taxes imposed pursuant to subdivision (b) of*  
2 *Section 7360 and Section 7361.1 that were deposited in the*  
3 *Harbors and Watercraft Revolving Fund in the 2010–11 and*  
4 *2011–12 fiscal years shall be transferred to the General Fund.*

5 ~~When~~

6 *(c) When* deemed necessary by the Department of Transportation  
7 and the Department of Boating and Waterways, the Department  
8 of Transportation, after consultation with the Department of  
9 Boating and Waterways, shall prepare, or cause to be prepared, an  
10 updated report setting forth the current estimate of the amount of  
11 money credited to the Motor Vehicle Fuel Account attributable to  
12 taxes imposed on distributions of motor vehicle fuel used or usable  
13 in propelling vessels. The Department of Transportation shall  
14 submit the report to the Legislature upon its completion.

15 *SEC. 32. Section 8352.5 of the Revenue and Taxation Code is*  
16 *amended to read:*

17 8352.5. *(a) (1) Subject to Sections 8352 and 8352.1, and*  
18 *except as otherwise provided in subdivision (b), there shall be*  
19 *transferred from the money deposited to the credit of the Motor*  
20 *Vehicle Fuel Account to the Department of Food and Agriculture*  
21 *Fund, during the second quarter of each fiscal year, an amount*  
22 *equal to the estimate contained in the most recent report prepared*  
23 *pursuant to this section.*

24 ~~The~~

25 *(2) The* amounts are not subject to Section 6357 with respect to  
26 the collection of sales and use taxes thereon, and represent the  
27 portion of receipts in the Motor Vehicle Fuel Account during a  
28 calendar year that were attributable to agricultural off-highway  
29 use of motor vehicle fuel which is subject to refund pursuant to  
30 Section 8101, less gross refunds allowed by the Controller during  
31 the fiscal year ending June 30th following the calendar year to  
32 persons entitled to refunds for agricultural off-highway use  
33 pursuant to Section 8101. Payments pursuant to this section shall  
34 be made prior to payments pursuant to Section 8352.2.

35 *(b) Commencing July 1, 2012, the revenues attributable to the*  
36 *taxes imposed pursuant to subdivision (b) of Section 7360 and*  
37 *Section 7361.1 and otherwise to be deposited in the Department*  
38 *of Food and Agriculture Fund pursuant to subdivision (a) shall*  
39 *instead be transferred to the General Fund. The revenues*  
40 *attributable to the taxes imposed pursuant to subdivision (b) of*

1 *Section 7360 and Section 7361.1 that were deposited in the*  
2 *Department of Food and Agriculture Fund in the 2010–11 and*  
3 *2011–12 fiscal years shall be transferred to the General Fund.*

4 ~~On~~

5 *(c) On or before September 30, 2012, and on or before*  
6 *September 30~~th~~ 30 of each ~~odd-numbered~~ even-numbered year*  
7 *thereafter, the Director of Transportation and the Director of Food*  
8 *and Agriculture shall jointly prepare, or cause to be prepared, a*  
9 *report setting forth the current estimate of the amount of money*  
10 *in the Motor Vehicle Fuel Account attributable to agricultural*  
11 *off-highway use of motor vehicle fuel, which is subject to refund*  
12 *pursuant to Section 8101 less gross refunds allowed by the*  
13 *Controller to persons entitled to refunds for agricultural*  
14 *off-highway use pursuant to Section 8101; and they shall submit*  
15 *a copy of the report to the Legislature.*

16 *SEC. 33. Section 8352.6 of the Revenue and Taxation Code is*  
17 *amended to read:*

18 *8352.6. (a) (1) Subject to Section 8352.1, and except as*  
19 *otherwise provided in paragraphs (2) and (3), on the first day of*  
20 *every month, there shall be transferred from moneys deposited to*  
21 *the credit of the Motor Vehicle Fuel Account to the Off-Highway*  
22 *Vehicle Trust Fund created by Section 38225 of the Vehicle Code*  
23 *an amount attributable to taxes imposed upon distributions of motor*  
24 *vehicle fuel used in the operation of motor vehicles off highway*  
25 *and for which a refund has not been claimed. Transfers made*  
26 *pursuant to this section shall be made prior to transfers pursuant*  
27 *to Section 8352.2.*

28 *(2) Commencing July 1, 2012, the revenues attributable to the*  
29 *taxes imposed pursuant to subdivision (b) of Section 7360 and*  
30 *Section 7361.1 and otherwise to be deposited in the Off-Highway*  
31 *Vehicle Trust Fund pursuant to paragraph (1) shall instead be*  
32 *transferred to the General Fund. The revenues attributable to the*  
33 *taxes imposed pursuant to subdivision (b) of Section 7360 and*  
34 *Section 7361.1 that were deposited in the Off-Highway Vehicle*  
35 *Trust Fund in the 2010–11 and 2011–12 fiscal years shall be*  
36 *transferred to the General Fund.*

37 ~~(2)~~

38 *(3) The Controller shall withhold eight hundred thirty-three*  
39 *thousand dollars (\$833,000) from ~~this~~ the monthly transfer to the*

1 *Off-Highway Vehicle Trust Fund pursuant to paragraph (1), and*  
2 *transfer that amount to the General Fund.*

3 (b) The amount transferred *to the Off-Highway Vehicle Trust*  
4 *Fund* pursuant to paragraph (1) of subdivision (a), as a percentage  
5 of the Motor Vehicle Fuel Account, shall be equal to the percentage  
6 transferred in the 2006–07 fiscal year. Every five years, starting  
7 in the 2013–14 fiscal year, the percentage transferred may be  
8 adjusted by the Department of Transportation in cooperation with  
9 the Department of Parks and Recreation and the Department of  
10 Motor Vehicles. Adjustments shall be based on, but not limited  
11 to, the changes in the following factors since the 2006–07 fiscal  
12 year or the last adjustment, whichever is more recent:

13 (1) The number of vehicles registered as off-highway motor  
14 vehicles as required by Division 16.5 (commencing with Section  
15 38000) of the Vehicle Code.

16 (2) The number of registered street-legal vehicles that are  
17 anticipated to be used off highway, including four-wheel drive  
18 vehicles, all-wheel drive vehicles, and dual-sport motorcycles.

19 (3) Attendance at the state vehicular recreation areas.

20 (4) Off-highway recreation use on federal lands as indicated by  
21 the United States Forest Service’s National Visitor Use Monitoring  
22 and the United States Bureau of Land Management’s Recreation  
23 Management Information System.

24 (c) It is the intent of the Legislature that transfers from the Motor  
25 Vehicle Fuel Account to the Off-Highway Vehicle Trust Fund  
26 should reflect the full range of motorized vehicle use off highway  
27 for both motorized recreation and motorized off-road access to  
28 other recreation opportunities. Therefore, the Legislature finds that  
29 the fuel tax baseline established in subdivision (b), attributable to  
30 off-highway estimates of use as of the 2006–07 fiscal year,  
31 accounts for the three categories of vehicles that have been found  
32 over the years to be users of fuel for off-highway motorized  
33 recreation or motorized access to nonmotorized recreational  
34 pursuits. These three categories are registered off-highway  
35 motorized vehicles, registered street-legal motorized vehicles used  
36 off highway, and unregistered off-highway motorized vehicles.

37 (d) It is the intent of the Legislature that the off-highway motor  
38 vehicle recreational use to be determined by the Department of  
39 Transportation pursuant to paragraph (2) of subdivision (b) be that  
40 usage by vehicles subject to registration under Division 3

(commencing with Section 4000) of the Vehicle Code, for recreation or the pursuit of recreation on surfaces where the use of vehicles registered under Division 16.5 (commencing with Section 38000) of the Vehicle Code may occur.

*SEC. 34. Article 6 (commencing with Section 19290) of Chapter 5 of Part 10.2 of Division 2 of the Revenue and Taxation Code is repealed.*

*SEC. 35. Section 19533 of the Revenue and Taxation Code is amended to read:*

19533. (a) In the event the debtor has more than one debt being collected by the Franchise Tax Board and the amount collected by the Franchise Tax Board is insufficient to satisfy the total amount owing, the amount collected shall be applied in the following priority:

(a)

(1) Payment of any delinquencies transferred for collection under Article 5 (commencing with Section 19270) of Chapter 5.

(b)

(2) Payment of any taxes, additions to tax, penalties, interest, fees, or other amounts due and payable under Part 7.5 (commencing with Section 13201), Part 10 (commencing with Section 17001), Part 11 (commencing with Section 23001), or this part, and amounts authorized to be collected under Section 19722.

~~(c) Payment of delinquent wages collected pursuant to the Labor Code.~~

(d)

(3) Payment of delinquencies collected under Section 10878.

(e)

(4) Payment of any amounts due that are referred for collection under Article 5.5 (commencing with Section 19280) of Chapter 5.

~~(f) Payment of any amounts that are referred for collection pursuant to Section 62.9 of the Labor Code.~~

~~(g) Payment of delinquent penalties collected for the Department of Industrial Relations pursuant to the Labor Code.~~

~~(h) Payment of delinquent fees collected for the Department of Industrial Relations pursuant to the Labor Code.~~

~~(i) Payment of delinquencies referred by the Student Aid Commission.~~

(j)

(5) Payment of any delinquencies referred for collection under Article 7 (commencing with Section 19291) of Chapter 5.

~~(k)~~

(b) Notwithstanding the payment priority established by this section, voluntary payments designated by the taxpayer as payment for a personal income tax liability or as a payment on amounts authorized to be collected under Section 19722, shall not be applied pursuant to this priority, but shall instead be applied as designated.

*SEC. 36. Item 7300-001-0001 of Section 2.00 of the Budget Act of 2012 is amended to read:*

7300-001-0001—For support of Agricultural Labor Relations		
Board.....		4,904,000
Schedule:		
(1) 10-Board Administration.....	2,138,000	
	1,938,000	
(2) 20-General Counsel Administration.....	2,766,000	
	2,966,000	
(3) 30.01-Administration Services.....	275,000	
(4) 30.02-Distributed Administration Ser-		
vices.....	-275,000	

*SEC. 37. Section 36 of this act shall become operative only if Assembly Bill 1464 or Senate Bill 1004 of the 2011–12 Regular Session is enacted as the Budget Act of 2012, and Assembly Bill 1497 or Senate Bill 1037 of the 2011–12 Regular Session is enacted and amends the Budget Act of 2012.*

*SEC. 38. The sum of one thousand dollars (\$1,000) is hereby appropriated from the General Fund to the Department of Finance to implement this act.*

*SEC. 39. This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.*

~~SECTION 1. It is the intent of the Legislature to enact statutory changes relating to the Budget Act of 2012.~~